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Canada, Parliament,
Senate. Special Order
on Beaulieu Power
Project.

The fourth and final
report, 1932



THE SENATE OF CANADA

REPORT AND PROCEEDINGS

OF THE

SPECIAL COMMITTEE

Appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last Session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any Honourable Members of the Senate.

The Honourable Chas. E. TANNER, K.C.
Chairman

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1932

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(3rd SESSION, 17th PARLIAMENT, 22 GEORGE V, 1932.)

Committee on (Senate)



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THE FOURTH AND FINAL REPORT OF THE COMMITTEE

FRIDAY, 22nd April, 1932.

The Special Committee of the Senate appointed for the purpose of taking into consideration the Report of the Special Committee of the House of Commons of the last Session thereof to investigate the Beauharnois Power Project, in so far as the said Report relates to any Honourable Members of the Senate, beg leave to present the following as a fourth Report:—

The following are extracts from the Minutes of the Proceedings of the Senate of Canada, Thursday, 11th February, 1932:

ORDER OF APPOINTMENT

Ordered, That a Special Committee of nine Senators to be hereafter named, be appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last Session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any Honourable Members of the Senate, said Special Committee to hear such further evidence on oath bearing on the subject matter of such report in relation to any such Honourable Members of the Senate as it may deem desirable and in accordance with constitutional practice, and that the said Committee be authorized to send for persons, papers and records.

HOUSE OF COMMONS REPORT REFERRED

Ordered, That the Fourth Report of the Special Committee of the House of Commons appointed to investigate the Beauharnois Power Project, laid on the Table of the Senate on the 1st August, 1931, be referred to the Special Committee of the Senate appointed for the purpose of taking into consideration the said report in so far as it relates to any Honourable Members of the Senate.

Extracts from the Minutes of the Proceedings of the Senate of Canada, Friday, 12th February, 1932.

PERSONNEL OF COMMITTEE

Ordered, That the following Senators, namely: The Honourable Senators Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans, Robinson and Tanner constitute the Special Committee appointed for the purpose of taking into consideration the Report of the Special Committee of the House of Commons of the last Session thereof to investigate the Beauharnois Power Project in so far as the said Report relates to any Honourable Members of the Senate, and that the said Committee be authorized to sit during sittings and adjournments of the Senate.

PRODUCTION OF EVIDENCE

Ordered, That a Message be sent to the House of Commons requesting that House to grant leave to their Clerk to appear and produce before a Special Committee of the Senate a copy of the evidence adduced during the last Session before the Special Committee of the House of Commons appointed to investigate the Beauharnois Power Project.

Extract from the Minutes of the Proceedings of the Special Committee of the Senate of Canada, Friday, 12th February, 1932.

ELECTION OF CHAIRMAN

On motion of the Honourable Senator Donnelly, seconded by the Honourable Senator Chapais, the Honourable Senator Tanner was elected Chairman, and took the Chair.

The first session of the Committee was on Tuesday, 16th February, 1932. The last sitting was on Wednesday, 6th April, 1932. The following witnesses were examined by the Committee, the names being in alphabetical order and the pages where their evidence may be found being set out after their respective names:—

Argue, Dr. J. F.....	145-146, 233-234
Banks, H. M.	222-224
Barnard, C. A., K.C.	202-212
Beauchesne, Arthur, K.C.	6-7
Brennan, Miss Lyla	261-263
Christie, L. C.	37
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Moyer, L. Clare	59-68, 259-260
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Sifton, Clifford	224-231
Sweezey, R. O.	37-58, 83, 117-118, 217-221
Thompson, Col. A. T.....	107-113

The Committee heard all the statements that said Senators Haydon, McDougald and Raymond desired to make in relation to the matters of this inquiry, and as well had before it the statements and arguments of counsel on behalf of said Senators respectively.

An effort was also made by the Chairman of the Committee to call before it Mr. Frank P. Jones, who was then in Europe. Mr. Jones did not attend. The cables exchanged between him and Senator Tanner follow:—

March 4, 1932.

FRANK P. JONES,
Canadian Bank of Commerce,
London.

Senate Committee holding inquiry Stop Very anxious you be here before twentieth March Stop Please wire earliest possible date

CHARLES E. TANNER,
Chairman Committee.

LONDON, March 7, 1932.

CHARLES TANNER,
Chairman Committee Senate,
Ottawa.

Planned arrive home about middle April impossible complete business here before early April.

JONES.

OTTAWA, March 18, 1932.

F. P. JONES,
Canadian Bank of Commerce,
London.

Referring Senate inquiry Beauharnois and your wire seventh instant considered very important you give evidence Stop Committee resuming hearings about twenty ninth March Stop High Commissioner Ferguson has asked for hearing by Committee and will be heard Stop He leaves London at early date Stop Important you also come Stop Please wire possibility of date.

CHARLES E. TANNER,

LONDON, March 26, 1932.

CHARLES E. TANNER,
Ottawa, Ont.

Your cable eighteenth received to-day on my return from Belgium regret have arranged start glass plant here which makes it impossible leave here before middle April.

JONES.

In addition to Exhibits which were presented the Commons Committee, 25 Exhibits were presented and marked before this Committee, bearing numbers from 130 to 154, inclusive.

At a meeting of the Committee held on Wednesday, the second of March, 1932, the following Resolution was passed:—

That the evidence taken and the exhibits produced before the Special Committee of the House of Commons appointed to investigate the Beauharnois Power Project and now before this Committee, be received and accepted by this Committee to avail as evidence before it, to the same extent and with the same effect as if the witnesses had been examined and the Exhibits produced upon the present inquiry, subject, however, to cross-examination which may be made by the parties interested; that the Blue Book entitled "Special Committee on Beauharnois Power Project," Session 1931, printed by the King's Printer, being Appendix No. 5 to the Journals of the House of Commons, 1931, be used, referred to and dealt with by this Committee and by counsel as containing a true transcript of all things therein reported and printed; and further that the Exhibits be given the same numbers as those given to them before the said House of Commons Committee.

That in addition to the evidence taken and Exhibits marked before the Committee, all the evidence taken and Exhibits marked before the Commons Committee constitute part of the evidence under consideration at this inquiry. The Exhibits number from 1 to 154.

Special attention is directed to the Order of Appointment of this Committee, which order directed the Committee to take into consideration the Report of the Special Committee of the House of Commons, in so far as the same relates to Honourable Members of the Senate, and to hear further evidence. It, therefore, is deemed desirable that this report shall, as far as the evidence may justify, be based upon and follow in structure and in outline the report unanimously agreed to by the Committee of the House of Commons, and to that end this Committee, as part of its report, begs leave to extract from and, in its finding of evidence and conclusions thereof, to adopt certain portions of the said Fourth Report of the Commons Committee dated the 28th July, 1931, as follows, except in so far as definite modifications thereof may be hereinafter set out. The extracts will be printed in italics.

HOUSE OF COMMONS REPORT

TUESDAY, July 28, 1931

The Special Committee appointed to investigate the Beauharnois Project beg leave to present the following as a Fourth Report.

1. On the 10th day of June, 1931, the House of Commons adopted the following Resolution; That Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*), be a committee to investigate from its inception the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence River so far as the matters referred to are within the jurisdiction of the Parliament of Canada, and without restricting the generality of the foregoing words in particular to investigate the matters referred to in the speech made in the House of Commons by Mr. Robert Gardiner, the honourable member for Acadia, on the 10th day of May last, as reported on pages 1875-1887 of Hansard, and to report from time to time their observations and opinion thereon; with power to send for papers, persons and records. Honourable W. A. Gordon was on the 15th of June, 1931, appointed Chairman of the Special Select Committee.

2. (1) The Committee sat from the 15th day of June, 1931, to the 22nd day of July, 1931, held on most of these days more than one session and examined 35 witnesses.

(2) On the 1st of July, the members of the Committee visited and inspected the site of the works.

There were filed with the Committee 129 exhibits.

3. SOULANGES SECTION—ST. LAWRENCE RIVER

(1) The Soulanges section of the St. Lawrence River is that portion thereof lying between Lake St. Francis and Lake St. Louis which are some $14\frac{1}{2}$ miles apart, and between which there is a fall of 83 feet. The average normal available flow of the river through this section is in the vicinity of 230,000 cubic feet per second for 50 per cent of the time, making possible a development of 2,000,000 horse power of commercial electric energy at 85 per cent load factor. The site is in close proximity to the City and Port of Montreal, and is conveniently located on what must soon be a waterway capable of accommodating ocean-going vessels. It has therefore great possibility for industrial development if cheap power is available.

(2) It is apparent that the Soulanges section thus presents an opportunity for hydro-electric development almost if not quite unique on the face of the globe. It is one of the greatest national resources in Canada, and in its natural state of great potential value.

4. HISTORY

(1) About the year 1800, Edward Ellice, the Seigneur of Beauharnois, erected a small "moulin Banal" at the mouth of the St. Louis River and in order to increase the flow of the river, in 1807 built a small feeder, four miles in length from Lake St. Francis to the head waters of the River. This constituted the first diversion in the Soulanges section of the St. Lawrence River for power purposes. Whatever water rights were incidental to this feeder later passed into the hands of a family named Robert and apparently formed the basis of the applications for power rights hereinafter mentioned. Details concerning the Robert "rights" may be found in a judgment delivered in the Exchequer Court of Canada in the case of Robert vs. the King (9 Exchequer Court Reports). Reference may be had also to Exhibit No. 29, a memorandum prepared by Mr. R. C. Alexander.

(2) In 1855 the Government of the Province of Canada built a dyke, known as the Hungry Bay Dyke, as a protection against floods. It rebuilt the control gates of the feeder and in 1883 the Government of Canada deepened and widened the feeder and installed new gates in the dyke at the feeder entrance, considerable sums of money having been appropriated for this purpose.

(3) In 1902, J. B. Robert, as the grantee of the representatives of Edward Ellice, brought action against the Crown for a declaration of his rights and judgment was pronounced on the 17th October, 1904, deciding that Robert held substantial rights in the feeder. A compromise was arrived at by which the feeder was leased to the heirs of J. B. Robert by the Department of Public Works under date of the 28th December, 1909, for a period of 21 years. This was authorized by Order in Council, P.C. 2168, of the 9th December, 1909.

(4) In 1902 by Quebec Statute 2 Edward VII, Chapter 72 of the 26th March, 1902, the Beauharnois Light, Heat and Power Company was incorporated with power to enlarge and extend the feeder. As a consequence of the finding of the Exchequer Court that J. B. Robert was not the owner of the

feeder, in 1910 another Provincial Act was passed giving the Company the right to build a new canal or feeder from any point on the original feeder to any point on the St. Louis River at or near the town of Beauharnois. This Company thus became possessed of certain rights in respect of the diversion of water for power purposes from Lake St. Francis. The shares of the Beauharnois Light, Heat and Power Company were all owned by W. H. Robert and other members of the Robert family. On the 3rd February, 1927, Mr. R. O. Sweezey obtained from the Roberts an option of all the issued capital stock of the Company and the Company's rights.

THE ROBERT INTERESTS

(5) W. H. Robert and the other Robert heirs received for the 2,000 shares of the Beauharnois Light, Heat and Power Company and such other rights, if any, as were then outstanding in them

- (1) Cash \$1,520,000.
- (2) 200 fully paid part interests in the Beauharnois Power Syndicate.
- (3) 21,000 Class A shares of the Beauharnois Power Corporation.
- (4) 100 fully paid part interests in the Beauharnois Syndicate transferred from R. O. Sweezey account, which became 200 part interests in the Beauharnois Power Syndicate.

(6) In addition to the above-mentioned 400 part interests in the Power Syndicate owned by the Roberts, W. H. Robert held a further three hundred units in his own name on which he owed \$10,000 as at December 17th, 1929. For the 700 part interests, referred to above, the Robert heirs received, on the dissolution of the Syndicate, cheques aggregating \$95,000, together with 28,000 shares of the Class A Common stock of the Beauharnois Power Corporation Limited.

(7) In the same year, Mr. Sweezey applied to the Quebec Legislature for an amendment to the Act incorporating the Company permitting the construction of a canal between Lake St. Francis and Lake St. Louis. This application was refused.

(8) On the 17th March, 1927, the Beauharnois Light, Heat and Power Company applied to His Excellency the Governor General in Council for approval of a proposal to build a power canal "which can be readily adapted for thirty foot navigation requirements also" from a point on Lake St. Francis near the mouth of the St. Louis feeder to Lake St. Louis and to use so much of the water of the St. Lawrence River as can be taken through the proposed canal without interfering with navigation and without interfering with existing prior rights in the River St. Lawrence." This application was not pressed.

(9) On the 17th January, 1928, the Beauharnois Light, Heat and Power Company applied to His Excellency the Governor General in Council "for approval under the Navigable Waters Protection Act of its plans and site of proposed works herein described and for the right to divert forty thousand cubic feet per second (40,000 c.f.s.) from Lake St. Francis."

(10) In March, 1928, by Statute of the Province of Quebec (18 George V, Chapter 113), a new section, 11A, was added to the original Act of incorporation giving the Company the right to build a new canal from any point within two miles in a southwesterly direction from the mouth of the St. Louis feeder to any point on Lake St. Louis within one and a half miles in a westerly direction along the shore of Lake St. Louis from the mouth of the St. Louis River and giving the Company the right to expropriate lands not exceeding six arpents in width.

(11) On the 27th April, 1928, Mr. Sweezy and his associates obtained the passing of an Order in Council by the Executive Council of Quebec authorizing the granting to the Beauharnois Light, Heat and Power Company of an emphyteutic lease, which lease was subsequently executed on the 23rd June, 1928, and which grants to the Beauharnois Light, Heat and Power Company the rights of the Province of Quebec to such part of the hydraulic power of the St. Lawrence River as can be developed between Lake St. Francis and Lake St. Louis through a derivation (six diversion) Canal on the right (southern) shore of a maximum flowing capacity of forty thousand cubic feet per second (40,000 c.f.s.), (the Province reserving the ownership and the free disposition of the surplus) for a period of 75 years from the 23rd June, 1928, at an annual rental of \$20,000 for the first five years and \$50,000 for each of the subsequent years and an additional payment of \$1 for each horse power year revisable after each period of ten years from the date the plant will have been put in operation. The Company agrees that at the expiration of the first five years it will have installed 100,000 h.p.; at the expiration of the sixth year, 200,000 h.p.; at the expiration of the seventh year, 300,000 h.p.; and at the expiration of the tenth year, 500,000 h.p. The lease is granted without prejudice to Federal and Provincial laws concerning navigation, mines, fisheries and the driving of logs and also *upon the understanding that the lessee* "who is presently negotiating with the Federal Government shall obtain from the latter in so far as its rights are concerned, the authorization to divert a flow of forty thousand cubic feet per second (40,000 c.f.s.)" and in the event of the approval of the Federal Government not being obtained within twelve months, the lease may be cancelled by the Lieutenant Governor in Council.

(12) Having obtained the amendment to its Charter and the lease from the Province of Quebec, the Company pressed its application to the Governor General in Council and on the 15th January, 1929, a hearing was held by the then Minister of Public Works and two other members of the Dominion Government, at which were considered protests from shipping companies and power interests.

(13) The application originally contemplated the diversion of the whole flow of the St. Lawrence River. To meet the opposition to the application at this hearing, Mr. Aimé Geoffrion, K.C., who appeared for the applicant, amended the application to read as follows:

The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the Company between these two points; and any condition that the Government may exact, in any wording satisfactory to the Government involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the Company will submit to any such alteration.

(14) It should be noted that notwithstanding the limitation to the 40,000 c.f.s. the plans of the Company and the works so far as constructed clearly show and the officers of the Company and of the Department of Public Works admit that at all times there has been in contemplation the diversion of the whole flow of the River by this Company.

(15) A Committee of Departmental Engineers was constituted, composed of Mr. K. M. Cameron, Chief Engineer of the Department of Public Works, Mr. D. W. McLachlan, Engineer in charge of the St. Lawrence Waterway Project, Mr. J. T. Johnstone, Director Dominion Water Power and Reclamation Service and Mr. Louis E. Côté, Chief Engineer of the Department of Marine, and on the 30th January, 1929, made a report which is part of Exhibit No. 17, in the file of the Public Works Department 804-1-D.

(16) Certain paragraphs of this report are as follows:

83. The 40,000 c.f.s. diversion project can be authorized without injury to existing navigation, *if the plans submitted are subject to modification and to regulations embodying the restrictions referred to in this report.*

89. Having regard to the application under the Navigable Waters Protection Act, now under consideration, your Committee are of the opinion that the site and works proposed in the plans and application filed by the said Company will not impede or interfere with navigation on the St. Lawrence River if the conditions attached hereto are met by the Company and, having consideration to the interests of the country as a whole, we are of the opinion that if the works are constructed in accordance with such application and plans subject to the said conditions the same can be efficiently utilized in connection with and as part of any feasible and economical scheme which the Government of Canada may eventually decide upon for the deep waterway development of the St. Lawrence River.

14. The works proposed by the Beauharnois Company consist of the following:

1. A canal extending from Hungry Bay, at the foot of Lake St. Francis to Melocheville, at the head of Lake St. Louis, said canal being contained between banks which are 1,100 feet apart where hard materials are encountered, and 4,100 feet apart, where soft materials are encountered.
2. A power house at Melocheville equipped with ten 50,000 H.P. units.
3. Regulating works at Thorn Island and at Leonard Island. These are designed to hold up the level of Lake St. Francis, when a diversion of 40,000 c.f.s. from that Lake is made.
4. A series of works in the four rapid stretches of the river between Thorn Island and the head of Lake St. Louis. These are designed to maintain existing depths in channels, and also to maintain existing levels at the head and foot of the Cedar Rapids works.

15. The works proposed by the Beauharnois Company affect in varying degrees canal navigation, river navigation, power developments, and future plans for a deep waterway.

(17) The Committee expressed disapproval of the remedial works and channel improvements and in Paragraph 28 stated that the Committee while offering the suggestions aforementioned can only recommend approval of these works subject to modifications to meet conditions as experience shows them to be necessary. In Paragraph 31, the Committee says, "the design of remedial works for use in the Rapids below Grande Island is not yet worked out in a satisfactory manner." It will thus be seen that the approval of this Committee was qualified and that certain of the plans were not in their view sufficient.

(18) On the 8th March, 1929, Order in Council P.C. 422 was approved by His Excellency the Governor General on the report from the Minister of Public Works. This Order in Council recites the application of the 17th January, 1928, the deposit of plans, the grant of the emphyteutic lease and the report of the aforementioned Engineers.

(19) It sets out twenty-eight conditions, subject to which the recommendation for approval is made.

(20) The Committee, on the recommendation of the Minister of Public Works, submitted for His Excellency's approval, under Section 7, Chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—(Subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder), the annexed plans of works and the site thereof according to the descriptions and plans attached in booklet form, which works were proposed to be constructed by the Beauharnois Light, Heat and Power Company *with respect to the diversion of 40,000 c.f.s. from Lake St. Francis to Lake St. Louis* in connection with a power canal to be built by the said Company along the St. Lawrence River between the two lakes mentioned.

(21) By reference to the large plan submitted with the application, and referred to in the Order in Council P.C. 422, and which is Exhibit No. 2A, it will be observed that there are two cross sections shown, one at Mileage 144.3 which shows a width between the embankments of about 1,100 feet, this being typical of the rock section of the work. This cross section also shows a width at the bottom of the deep section of the canal of something over 1,000 feet. In the cross section which is given as typical for each section, at Mileage 152.0 the width between the embankments is shown as about 4,100 feet, and the bottom of the deep section, approximately 27 feet, is shown as having a width of about 500 feet.

(22) Subsequently on the 29th July, 1929, modified plans were submitted to the Department of Public Works by the Company, and for these there were on the 22nd August, 1930, certain other plans substituted. None of these has as yet received the approval of the Minister of Public Works, although the Chief Engineer of the Department has recommended them for approval. Plans submitted on the 22nd August, 1930, did include plans for the remedial works, but such plans were subsequently withdrawn and as the matter now stands there is not before the Department for approval any plan or plans of these remedial works.

(23) On the 10th February, 1931, the Beauharnois Light, Heat and Power Company applied to the Quebec authorities for a lease of a further 30,000 cubic feet per second, and has now obtained this right.

(24) On the 25th June, 1929, an agreement was entered into between the Beauharnois Light, Heat and Power Company and His Majesty represented therein by the Minister of Public Works of Canada, Exhibit No. 43, which agreement incorporates the terms and conditions of P.C. 422.

(25) On the 6th November, 1929, the Governor General in Council passed three Orders in Council, numbers P.C. 2201, 2202 and 2203, authorizing the transfer of three water power leases from the Montreal Cotton Company to the Beauharnois Light, Heat and Power Company, and on the 3rd December, 1929, three agreements were entered into between the Montreal Cotton Company, the Beauharnois Light, Heat and Power Company, and His Majesty represented therein by the Minister of Railways and Canals of Canada (Exhibits 7A, 8A and 9A) by virtue of which the Beauharnois Light, Heat and Power Company acquired with the consent of His Majesty the right to use and divert into the canal to be built 13,072 cubic second feet presently used by the Cotton Company at or near Valleyfield under an effective head of about 10 feet.

(26) A difficulty may arise in connection with these three leases by reason of the fact that the Department of Public Works takes the position that under the Order in Council P.C. 422 there is only authority to grant an opening in the Hungry Bay dyke sufficient to take 40,000 cubic feet a second (See Evidence Page 363).

(27) On the 5th December, 1929, the Lieutenant Governor in Council of Quebec passed an Order in Council authorizing the diversion of this 13,072 feet.

(28) On the 20th March, 1930, the Charter of the Beauharnois Light, Heat and Power Company was further amended by enactment 20 George V, Chapter 136 (Quebec), which extended the expropriation powers of the Company so that for the purpose of building its new canal it might "expropriate such lands as may be necessary, not exceeding in all 21 arpents in width."

(29) In the final result, the Beauharnois Light, Heat and Power Company appear to have obtained from the Dominion of Canada Orders in Council purporting to authorize the diversion of 53,072 cubic second feet, subject to their obtaining permission to breach the Hungry Bay dyke sufficiently for that purpose, and subject also to compliance with the conditions of the Orders in Council and the approvals of plans.

(30) They have also obtained from the Province of Quebec a 75 year lease for 40,000 cubic second feet, authority from the Lieutenant Governor in Council of Quebec to acquire the use of 13,072 c.s.f., and in 1931 the right to use an additional 30,000 c.s.f.

5. CORPORATE ORGANIZATION

(1) There were two syndicates prior to the incorporation of the Beauharnois Power Corporation Limited, the present holding company, the first being the Beauharnois Syndicate and the second the Beauharnois Power Syndicate. These will be referred to, sometimes, for convenience as the First Syndicate and the Second Syndicate, respectively.

THE FIRST SYNDICATE

(2) About the 12th May, 1927, Mr. Sweezey organized the syndicate known as the Beauharnois Syndicate, having 5,000 units or part interests. This Syndicate existed until the 4th April, 1928, at which date the holdings were as follows:—

Members	Number of part interests	Issue price	Amount
		\$ c.	\$
Blaiklock, S. Turnstall.....	25	100 00	2,500
Crédit Général du Canada.....	800	37 50	30,000
Dobell, Wm. M.....	50	100 00	5,000
Geoffrion, Aimé P.....	200	100 00	20,000
Griffith, Hugh B.....	150	100 00	15,000
Ibbotson, Ivan L.....	25	100 00	2,500
Molson, F. S.....	350	45 71	16,000
Moyer, L. Clare.....	800	37 50	30,000
McGinnis, Thos. A.....	100	100 00	10,000
Newman, Henry.....	50	100 00	5,000
Newman, Sweezey & Co., Ltd., In Trust.....	1,050	42 86	45,000
Robert, Wm. H.....	100	100 00	10,000
Shortt, Dr. Adam.....	10	100 00	1,000
Stadler, John.....	100	100 00	10,000
Sutherland, Wm.....	25	100 00	2,500
Steele, R. W.....	250	100 00	25,000
Sweezey, R. O.....	900	30,000
Kenny, T. Fred.....	15	100 00	1,500
	5,000	261,000

(3) The units subscribed for in the name of the Crédit Général du Canada were subscribed and held for Senator Donat Raymond.

(3A) 1,000 of the units in the name of Newman, Sweezey & Company, Limited, were held for Frank P. Jones and 50 for Fred M. Connell. The Honourable Walter G. Mitchell had a half interest in Mr. Jones' holdings.

(4) The units in the name of L. Clare Moyer are said to have been subscribed on behalf of the late Winfield Sifton. Senator Wilfrid L. McDougald states that on the 18th May, 1928, he agreed to acquire them, the transaction being completed about the end of that month.

(5) The units in the name of R. W. Steele were held for the Dominion Securities Corporation.

(6) The price to subscribers Raymond and Moyer was \$37.50 per unit and Frank P. Jones acquired 800 of his and Mr. Mitchell's units from Newman, Sweezey & Company, Limited, at the same price

(7) Of the 900 units in the name of R. O. Sweezey, 600 were issued pursuant to the syndicate agreement for consideration other than cash and the balance of 300 subscribed for at \$100 per unit.

(8) The 350 units subscribed for by F. S. Molson were at an average price of \$45.71 per unit.

(9) The Newman, Sweezey & Company, Limited, units were at an average price of \$42.86 and all other subscribers paid at the rate of \$100 per unit.

(10) The average price of the 4,400 units sold for cash was \$59.32.

THE SECOND SYNDICATE

(11) On the 4th April, 1928, the Beauharnois Power Syndicate was organized and acquired the assets of the Beauharnois Syndicate, the consideration being two units of the new Syndicate for each one unit of the old Syndicate with the right to unit holders to subscribe for as many units in the new syndicate as each already held therein at \$100 per unit, being the par value thereof.

(12) The members of the Beauharnois Power Syndicate holding 100 or more units or part interests, as on the 17th December, 1929, were as follows:—

Members	Number of Part Interests
Gerald E. F. Aylmer & E. J. Mackell.....	100
S. Turnstall Blaiklock.....	100
A. L. Caron.....	221
Fred M. Connell.....	200
H. V. Cullinan & D. M. Carmichael.....	250
William M. Dobell.....	200
Dominion Securities Corporation Ltd.....	1,492
John P. Ebbs.....	5,200
Aimé Geoffrion.....	800
Hugh B. Griffith.....	600
Hanson Brothers Inc.....	110
C. J. Hodgson & Co.....	175
Angus W. Hodgson.....	740
J. Charles Hope.....	130
Jones Heward & Co.....	210
Thomas A. McGinnis.....	450
F. Stuart Molson.....	465
F. W. Molson.....	100
Montreal Trust Co.....	8,000
Henry Newman.....	395
Newman, Sweezey & Co. Ltd.....	410
O'Brien & Williams.....	101
Joseph H. Paull.....	100
W. C. Pitfield & Co. Ltd.....	152
Hon. Donat Raymond.....	351
Ritchie (R. L.) and Gilmore (K. F.) in trust.....	350
Wm. H. Robert, Joseph H. Robert, Miss Sarah M. Robert, personally, and as executors of the late Sarah Robert.....	200
William H. Robert.....	366
William Sutherland.....	100
Robert O. Sweezey.....	1,000
Part interest holders of less than 100 part interests.....	1,932
	<hr/> 25,000

All of these with the exception of part interests exchanged for holdings of part interests in the first syndicate, and the 2,000 part interests that were used to purchase the shares of the Sterling Corporation, and also except 200 units issued to the Robert heirs, were paid for at the rate of \$100 per part interest. These 2,000 units are included above in the holdings of John P. Ebbs.

The 5,200 units in his name were held for Hon. W. L. McDougald, and will be referred to hereafter.

(12A) The capital of the Beauharnois Syndicate consisted of 30,000 units at the par value of \$100 each, of which 25,000 were issued.

(1) The tangible assets of the first or Beauharnois Syndicate totalled not over \$261,000 as on the 4th April, 1928.

BEAUHARNOIS LIGHT, HEAT AND POWER COMPANY

(14) This Company has been in existence since 1902, as previously mentioned. The control passed to Mr. Sweezy and his associates on or about the 3rd February, 1927. Under the agreement of that date (Exhibit No. 60) and according to the Minutes of the meeting of the Directors held on that day, Mr. H. B. Griffith was elected a Director and Secretary of the Company. It was not, however, until the 13th June, 1927, that a Board of Directors consisting of Mr. Sweezy and his associates including Mr. R. W. Steele, representing the Dominion Securities Corporation, took charge of the Company's affairs.

BEAUHARNOIS POWER CORPORATION LIMITED

(15) This Company was incorporated on the 17th September, 1929, by the Ottawa legal firm of McGiverin, Haydon and Ebbs by letters patent under the Dominion Companies Act. It was granted wide powers of acquisition and development of natural resources and in connection with the production, use, distribution or disposal of energy, power, water, light or heat.

(16) The authorized capital stock is five Management Preferred shares without nominal or par value; 1,799,995 Class A Common shares without nominal or par value and 3,200,000 Class B non-voting Common shares without nominal or par value.

(17) The holders of the five Management Preferred shares during the ten years next succeeding the date of the letters patent have the exclusive right to vote for the election of Directors of the Company. At the expiry of this period these automatically become Class A Common Shares.

(18) At a meeting of the Company on the 31st October, 1929, held at the office of Messrs. McGiverin, Haydon and Ebbs in the City of Ottawa, a proposed memorandum of agreement, dated the 31st October, 1929, between the Beauharnois Power Syndicate, the Marquette Investment Corporation and the Beauharnois Power Corporation Limited, was submitted providing for the acquisition by the Company or its nominees of all the undertakings and assets of the Syndicate except unpaid or uncalled balances in respect of purchases of units or part interests of the Syndicate. The consideration was:

- (a) \$4,750,000 cash;
- (b) the assumption by the Company of the liabilities and obligations of the Syndicate, and
- (c) the undertaking by the Corporation to defray expenses not exceeding \$10,000 of the winding up of the affairs of the Syndicate and the distribution of its assets amongst the members.

The Syndicate, on the other hand, agreed to subscribe at \$1 per share for 1,000,000 Class A Common shares of the Company.

(19) It was resolved that this memorandum of agreement be approved and executed on behalf of the Company.

(20) The Directors present at this meeting were O. F. Howe, and D. K. McTavish, barristers of Ottawa, and the Misses Belle Fraser, Lyla Brennan, Edythe H. O'Malley, Bessie Conniffe, Lillian Dell, Elsie M. Burritt, Gwen Gunderson, Kathleen Havey and Mary H. Kelly, stenographers, all of the City of Ottawa.

(21) At this same meeting, according to the minutes, there was authorized a proposed agreement, dated the 31st October, 1929, between Beauharnois Power Corporation Limited of the first part and Newman, Sweezey & Company, Limited and the Dominion Securities Corporation of the second part, providing for the creation and issue of thirty year 6 per cent collateral trust sinking fund bonds of the Company to the authorized principal amount of \$30,000,000 and for the sale to Newman, Sweezey & Company, Limited and the Dominion Securities Corporation of the said bonds, together with 770,000 Class A Common shares of the Company for the price of \$27,000,000 and accrued interest of said bonds. This agreement was subsequently ratified by the shareholders at a meeting held on the same day and at the same place, the above named Directors being all of the shareholders and all being present.

(22) The agreements were subsequently executed and carried out. The Beauharnois Power Syndicate was dissolved as of the 17th December, 1929, its tangible assets at the time consisting of the amount paid in—aggregating for the two Syndicates \$1,561,000. This includes unpaid balances of subscriptions which on the final settlement were deducted from the amounts payable to the individual members, and \$20,000 par of units issued to Robert in part payment for Robert's rights.

(23) The tangible consideration received in respect of the 25,000 part interests issued by the Beauharnois Power Syndicate may be shown thus:

Particulars	Part Interests	Amount
		\$
Issued to members of Beauharnois Syndicate for the acquisition of the undertaking of that Syndicate.....	10,000	261,000
Issued for cash consideration.....	13,000	1,300,000
Issued for the capital stock of Sterling Industrial Corporation Limited.....	2,000
	25,000	1,561,000

For purposes of exactness, it should perhaps be noted that the above amount of \$1,300,000 includes \$20,000 in respect of 200 part interests of Beauharnois Power Syndicate issued as fully paid to the Robert heirs in part consideration of the purchase of the shares of Beauharnois Light, Heat and Power Company, etc.

(24) As a result of the agreement above mentioned, the Syndicate members receive for each part interest \$150, and 40 Class A shares of the Beauharnois Power Corporation Limited, which Class A shares are set up in the books of the Company at \$1 per share and have had a market value as high as \$17 per share, the low price being \$4 per share.

(25) On the above basis the cash profit paid to the members of the Syndicate would amount to \$2,189,000, to which should be added 1,000,000 Class A shares, which were purchased by an additional \$1,000,000 part of the consideration for the transfer of the Syndicate assets. The above mentioned

\$2,189,000 was paid out of \$27,000,000 received from the sale of the bonds and shares under the agreement with Newman, Sweezey and Company, Limited, and the Dominion Securities Corporation.

(26) *The Marquette Investment Company* is a company controlled by Newman, Sweezey & Company, Limited, and organized for the purpose of acting as trustee and depository and dispersement agent of the Beauharnois Syndicate. (Exhibit No. 59).

SUBSIDIARY COMPANIES

(27) There are also the following wholly owned subsidiaries of the Beauharnois Power Corporation Limited, in addition to the *Beauharnois Light, Heat and Power Company*, namely:—

The Beauharnois Construction Company, having charge of the actual work of construction under contract; and the

Beauharnois Transmission Company, having to do with the actual transmission lines and the transmission of the electric energy to be produced; the

Beauharnois Land Company, in which is vested the lands of the Company, including land acquired in addition to all that required for actual canal construction and which it is hoped to dispose of for industrial sites, residence and other purposes in connection therewith; the

Beauharnois Railway Company, organized to build and operate the construction railway; the

Marquette Construction Company, a Delaware corporation, organized to purchase in the United States and lease to the Canadian Construction Company certain machinery which it is hoped to return duty free to the United States after use on the canal, where it is said to be more readily saleable.

6. AUTHORITY FOR CONSTRUCTION WORK

(1) According to Mr. Henry, actual construction on the north enbankment was commenced on the 7th August, 1929, in the vicinity of Lake St. Francis, and on the south enbankment on the 23rd April, 1930.

(2) Condition 11 of Order in Council P.C. 422 provides that the Company shall not commence the construction of the works until detailed plans of construction “. . . have been submitted and approved of by the Minister. . . .”

(3) The work as it is being carried out is not in accordance with the plans referred to in this Order in Council in certain important respects, viz.:—

(1) The banks are about 3,300 feet apart, whereas the original plans show a width of about 1,100 feet in the rock section and 4,100 feet in the earth section.

(2) The width at the bottom of the navigation part of the canal is shown in the original plan, Exhibit No. 2A, in one place as considerably less than 600 feet, and in another at considerably more, whereas the actual 27-foot channel is being dug at a bottom width of 600 feet.

(3) The entrance to the canal from Lake St. Francis according to the last plan filed on the 22nd August, 1930, and as actually being excavated, is some 3,000 feet northerly and nearer the head of the Cedar Rapids than shown on the Plan, Exhibit No. 2A.

(4) The remedial works shown on the original plan have not been approved either by Order in Council or by the Minister.

(5) The Hungry Bay dyke has been breached and a substitute feeder for the old St. Louis feeder dug on the south side of the proposed canal wholly without governmental authority.

(6) Certain questions have been raised as to the rights to pass Order in Council P.C. 422:—

(1) Does the Navigable Waters Protection Act give the Governor General in Council the right to authorize the diversion of the water from a navigable river?

(2) Can any of the powers given under that Act to the Governor General in Council be delegated to a Minister, or to anyone?

(3) Is the right of the Governor General in Council limited to the approval of plans already submitted, i.e., can the Governor General in Council approve of plans to be submitted in the future.

(4) Can the Governor General in Council approve of the plans after the work has been done or partly done, or in the alternative is his power limited to approval of work the plans of which have been submitted before the commencement of the work.

(7) Your Committee finds as a fact that the work of construction is proceeding according to plans which have not received the approval of the Governor in Council or of the Minister of Public Works.

7. HUNGRY BAY DYKE

(1) The Province of Canada in 1856 and subsequent year, constructed a dyke along the shore of that part of Lake St. Francis known as Hungry Bay. This dyke at Confederation passed to the control of the Dominion of Canada, and it has since been maintained through the agency of the Federal Department of Railways and Canals. It will be necessary before water can be diverted to the canal from Lake St. Francis that permission be obtained from the Crown in the right of the Dominion of Canada to breach this dyke.

(2) An application was made on the 29th day of July, 1929, for a conveyance to the Company of that part of the dyke opposite the lands owned by the Beauharnois Company, to the extent of 9,064 feet measured along the dyke. This application is now pending.

8. AMBIGUITY IN ORDER IN COUNCIL

(1) Condition Number 3 of Order in Council P.C. 422 provides that "the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second." If this means that at no time can the quantity of water diverted exceed 40,000 cubic feet per second, it is doubtful whether 500,000 h.p. can be developed by the use of that quantity of water, even adding thereto the 13,072 cubic second feet obtained by assignment of the Montreal Cotton Company's lease.

(2) Your committee is of the opinion that any ambiguity in this respect should be removed.

9. CONTROL OF WATER

(1) The present plans do not provide for the control of the water at the entrance to the proposed canal. It has been stated in evidence that for this purpose and for reasons of safety, some method of control should be adopted, whether by way of a dam and gates, or a control lock at this point.

(2) Considerable time was spent by Mr. Henry in an endeavour to establish that proper control could be maintained by the Dominion authorities at the gates leading to the water wheels.

(3) Your Committee was impressed with the idea that there should be some means of control at the entrance to the canal.

10. SITE OF WORKS

(1) The topography of the locality and the ground at the site of the works are of such a character as to render possible and of comparatively easy attainment the large power development contemplated at a quite reasonable cost.

(2) Your Committee is of the opinion that from the physical standpoint a power development on the south shore of the Soulanges section of the St. Lawrence River is fundamentally sound and that with proper safeguards and regulation a navigable canal can be developed synchronously with the power development and utilized as a link in the St. Lawrence Great Waterway, at a reasonable cost to the Dominion of Canada for locks and bridges.

(3) While the present plans are not in accordance with the proposals of the International Joint Board for this section of the river mentioned in their Report of 1926, nevertheless, in view of the amount of money already expended, and of the possibility, as we believe, of the utilization of this canal for navigation purposes, we think that from the navigation standpoint the scheme should not be abandoned.

Reference will now be made to those portions of the Report of the Commons Committee which affect specifically any Honourable Member of the Senate, the Senators so specifically named are Senator Wilfrid Laurier McDougald, Senator Andrew Haydon and Senator Donat Raymond.

SENATOR WILFRID L. McDOUGALD

The following extracts constitute a summary appearing in the Commons Report of the evidence and findings as affecting Senator McDougald. Beneath each extract will be found any comments or modifications of the findings of the Commons Committee which after having heard further evidence we feel it our duty to make.

PARAGRAPHS 1, 2, 3, 4, 5 and 6

(1) Senator McDougald was first summoned to the Senate on the 25th June, 1926, but owing to the dissolution of Parliament was not then sworn in and his appointment lapsed. He was again summoned in October of that same year and was sworn in the following year. Since 1922, except for a short interval in 1926, until 1930, Senator McDougald occupied the position of Chairman of the Montreal Harbour Board and, as he stated in evidence, assumed a position of high responsibility in connection with the development of the St. Lawrence Deep Waterway.

This Committee finds that this is correct, except that Senator McDougald was summoned to the Senate June 25, 1926, and took his seat 9th December, 1926, and not as stated in the said paragraph.

(2) In May, 1924, the then Dr. McDougald was appointed a member of the National Advisory Committee, whose membership included the Honourable G. P. Graham, as Chairman, and Honourable Clifford Sifton, and several gentlemen interested in existing hydro-electric power developments.

(3) On the 20th April, 1928, Senator McDougald was appointed a member of the Special Committee of the Senate to inquire into and report from time to time on the matter of the development and improvement of the St. Lawrence River for the purposes of navigation and production of electric current and power and matters incidental to such a project. That Committee held several meetings in the month of May, 1928, and to which reference will be made more specifically hereafter.

(4) *In 1923, Mr. McDougald became associated with Mr. R. A. C. Henry, as has been previously pointed out in this report, and as a result the Sterling Industrial Corporation Limited was incorporated and applications made to the Departments of Public Works and Railways and Canals on the 5th and 7th July, 1924, as already indicated.*

(5) *From this small beginning, the interests of Senator McDougald have expanded until at the time of his giving his evidence he was Chairman of the Board of the Beauharnois Power Corporation, Limited, elected on the 20th of December, 1929, the holder of Management Preferred Shares; a director of the Beauharnois Light, Heat and Power Company, the Beauharnois Construction Company, the Beauharnois Land Company, and the Beauharnois Transmission Company.*

(6) *This expansion is almost comparable to the present Beauharnois Project as compared with the original St. Louis feeder.*

This Committee finds that the report of the Commons set out in the above paragraphs is completely established.

PARAGRAPHS 7, 8 and 9

(7) *The application of the Sterling Industrial Corporation was allowed to lie dormant until some time in 1928. On the 18th of May, 1928, Senator McDougald agreed to take over 800 units of the first syndicate which had been subscribed for by Mr. Clare Moyer on the 4th of April, 1928, the day upon which that syndicate was dissolved, and upon which day a payment of \$15,000 was made by Mr. Moyer, of moneys which he says he received in cash from Mr. Winfield Sifton. A further payment was made on the 18th of May, in an amount of \$15,000 out of moneys which Mr. Moyer says were received by him from Mr. Sifton by way of a bank draft containing no information as to the person who was providing the funds.*

(8) *The 800 units thus acquired by Senator McDougald became 1,600 units on the formation of the second syndicate, and he, in the name of Mr. Moyer, subscribed as he had the right to do for 1,600 more units at a price of \$100 per unit, and for which he agreed to pay \$160,000 and on which at the dissolution of the syndicate on the 17th December, 1929, he had paid \$80,000.*

(9) *In the meantime, however, namely on the 2nd October, 1928, these had been transferred from Mr. Moyer to Mr. John P. Ebbs, a member of the Haydon firm, by reason of some instructions from Senator McDougald, about which there seems to be some insolvable mystery, and about which there need not have been any mystery at all if the transactions were an ordinary business one.*

This Committee finds that the facts set out in the said Paragraphs 7, 8 and 9 are established, and makes the following comments and findings with respect to the said purchase by Senator McDougald.

It has been disclosed at this inquiry that the first two payments made by Mr. Moyer to the Beauharnois Syndicate were made with funds supplied him by Mr. Sifton and deposited by him in the Wall Street Branch of the Bank of Nova Scotia in New York, the first deposit being made on the 31st March, 1928, for \$15,000, against which he issued a cheque for \$15,000 on the 4th April in favour of the Marquette Investment Corporation, which was the corporation used by the Beauharnois Syndicate for receiving and disbursing of its moneys. This cheque was cashed by the said Corporation on the 6th April. On the 17th

day of May, Moyer made a further deposit by way of bank draft in the Bank of Nova Scotia in New York, and on the 18th of May issued his cheque to the Marquette Investment Corporation for \$15,000, that cheque being cashed by the Investment Corporation on the 19th day of May. On the 23rd of May, Moyer deposited in the Standard Bank of Ottawa a bank draft for \$16,000 and issued his cheque against it for \$16,000 in favour of the Marquette Investment Corporation on the 26th day of May, which cheque was cashed by that Corporation on the 1st day of June, 1928.

Senator McDougald says that he purchased the part interests subscribed for by Moyer on the 18th day of May, 1928, by having delivered to the late Winfield Sifton the real owner of the part interests carried in the name of Moyer, Dominion of Canada Bonds to the face value of \$46,000, delivery being made through his solicitor, Mr. Barnard, and his financial man, Mr. Banks; the delivery of the Bonds in the sum of \$46,000 having been made all at the one time.

His evidence before the Commons Committee contradicts this statement. He there said that the Bonds delivered to Sifton on this occasion were in the sum of \$30,000 only, giving his reason therefor that he did not wish to take on a commitment for the 1,600 part interests in the Second Syndicate, on which there was payable 10 per cent or the sum of \$16,000.

It should be borne in mind, as disclosed by the evidence of Mr. Clifford Sifton, that there were no entries in the books of his brother, the late Winfield B. Sifton, nor were there any documents indicating the purchase of these part interests by Mr. Sifton, nor their sale to Senator McDougald. There were no Bonds of any description forming part of the assets of his estate, nor moneys representing the amount of the said bonds to the credit of his bank account, nor any charges to the said bank account in any way indicating the purchase of the said part interests by him.

In fact, the acquisition of the part interests carried in the name of Moyer by Senator McDougald is completely shrouded in mystery, when there was no occasion for mystery whatever, and leaves the whole transaction open to the very gravest suspicion that Sifton, in his purchase through Moyer, was at all times acting in whole or in part for Senator McDougald and using Senator McDougald's money from the 31st March, 1928, when Moyer made the deposit in New York up to the end of the whole transaction.

Senator McDougald gives as his reason for not having his name appear as the owner of these part interests, that he did not wish other persons to follow him in his investment. It must be borne in mind that these were not part interests open to the general public, the investment being offered only to persons of whom Mr. Swezey or the management committee approved, and that the public, therefore, could not have been influenced or injured by the fact that Senator McDougald was interested in the Beauharnois Project.

If, as is usual in business matters, Senator McDougald had simply issued his cheque to the late Winfield B. Sifton, there would in that act be no such revelation to the public of his interest in Beauharnois as would have constituted an invitation or signal for other members of the public to follow.

PARAGRAPHS 10 and 11

(10) *As previously pointed out, Senator McDougald through his representative, Mr. Ebbs, acquired for the five issued shares of the capital stock of the Sterling Industrial Corporation, Limited, 2,000 part interests in the second syndicate. These units were given for a corporation the rights of which, as has been pointed out by Mr. Cameron, Chief Engineer of the Public Works Department, on page 1019 of the evidence "would be of no value". The agreement was made in the Fall of 1928,*

and the Beauharnois Company considered these shares to be of such value that they still remain endorsed in blank, and have never been transferred on the books of the Company. It can hardly be pretended that this Company had any value, even as suggested, any "nuisance value" or was or could be thought to be any serious obstacle in itself to the application of the Beauharnois Light, Heat and Power Company to the Governor General in Council then pending. If so, there were two former applications in the Department, one of which at least was based on an alleged acquisition of the Robert rights, which rights were the foundation of the Beauharnois application. Still, the carrying out of the agreement was made conditional upon favourable action by the Governor General in Council, and it is beyond belief that had that Company not been owned by Senator McDougald, who represented himself to be a close friend of the administration, and R. A. C. Henry, soon destined to become Deputy Minister of Railways and Canals, or others equally influential, the Beauharnois Power Syndicate would have hardly considered paying for it even the nominal amount that had been subscribed as its capital stock, much less 2,000 units, which ultimately became \$300,000 in money and 80,000 shares of the Beauharnois Power Corporation Limited but would doubtless have received the same consideration as was accorded the other prior applicants—namely the privilege of being completely ignored.

(11) It is suggested that the handing over of this large number of units was in order to induce Mr. Henry to go over to the Beauharnois Company.. Why any inducement, other than a doubling of his salary which actually occurred, should have been necessary in order to induce the man who had for at least six or seven years been most anxious to be connected with a Beauharnois Project is difficult to understand, and your Committee cannot accept that as the explanation. On the contrary we are convinced that the "nuisance value" consisted in the necessity of a large inducement to Senator McDougald in order that he, a possible obstacle in the attainment of the objects of the syndicate, might become so vitally interested therein that any possible opposition on his part might be obviated.

This Committee finds that the statements contained in the said Paragraphs 7, 8, 9, 10 and 11 are proven.

PARAGRAPHS 12, 13, 14 and 15

Paragraphs 12, 13, 14 and 15 deal with the evidence given by Mr. Henry before the Special Senate Committee and are relevant as relating to Senator McDougald's participation in these transactions.

(12) That Senator McDougald was a factor in the success of this venture is apparent from the Proceedings of the Special Committee of the Senate above referred to, of which he was a member.. It appears that on the 31st of May, 1928, he was instrumental in having Mr. Henry, then his partner in the Sterling Company, come before that Committee and answer certain questions. These questions had (See page 215 of the Proceedings) been prepared beforehand by Senator McDougald and submitted to Mr. Henry.

(13) Mr. Sweezy in his evidence makes it very clear that the reason for his having done some of the extraordinary things which he did do was that time was of great importance from the standpoint of financing the enterprise, owing to the threatened financial crisis.

(14) *On the 25th May, 1928, Mr Aimé Geoffrion, Chief Counsel for the Beauharnois Syndicate, and who according to his bill for professional services had a number of interviews, starting on the 17th December, 1927, with Senator McDougald, wrote to Senator McDougald urging that there was "no reason for delaying the application to the Dominion Executive for approval of the Beauharnois plans under the Navigable Waters Act."*

(15) *The last question which Senator McDougald asked Mr. Henry on this occasion, on the 31st of May, 1928, was as follows: (Page 232 of the Committee's Proceedings.)*

Hon. Mr. McDougald: The last question which I have, Mr. Henry, is, in your opinion should the improvement of the St. Lawrence Waterway be gone on with as soon as possible, and if so, why?

It is to be recalled that thirteen days previously on his own testimony, Senator McDougald had agreed to become interested in this enterprise to the extent of 800 Part Interests in the Beauharnois Syndicate.

The above Paragraphs 12, 13, 14 and 15 are in every way justified in the evidence.

STATEMENTS IN SENATE

PARAGRAPHS 16, 17 and 18

Paragraphs 16, 17 and 18 of the summary have to do with the correctness and bona fides of certain statements made to the Senate by Senator McDougald and are as follows:—

(16) *On the 19th of April, 1928, Senator McDougald in a speech delivered by him from his place in the Senate stated: "I want to say here, and to say it with emphasis, that I do not own a dollar's worth of stock in this enterprise, and have no interest in or association with that Company in any way, shape or form". . . . "So far as I myself am concerned I cannot add too much emphasis to my denial of the suspicions and aspersions which these despatches" (referring to despatches of the Toronto Mail and Empire and the Globe of April 18, 1928) "have cast upon me as a member of the Advisory Committee, as a member of this honourable body, and as a private citizen."*

(17) *On the 20th of May, 1931, Senator McDougald, in referring to his former statement on this subject, and the date thereof, the 19th of April, 1928, made the following statement from his place in the Senate: "Honourable Members of the Senate, before the orders of the day I rise on a question of privilege. According to the newspapers of this morning my honour and integrity as a member of this House have been attacked in another place, and I desire to draw attention at once to a statement which I made in the Senate in April, 1928, regarding my position in the much-discussed Beauharnois Power Company. Newspaper articles had reflected on myself and other members of the National Advisory Committee reporting on the St. Lawrence Waterways. It was insinuated that our decisions and recommendations were influenced by personal interest in power development on the St. Lawrence. In this House I stated at the time that I had no interest in the Beauharnois Power Company or in the Syndicate. That was absolutely true and correct. I may say at once that up to that time. . . ." (that is April, 1928). "I had been invited on many occasions to become a member of that syndicate but had always declined. After that date I was asked again, and had the whole project investi-*

gated from every angle. When I was satisfied that it was a proper project for me as a member of this Senate, as a business man, and a citizen of Canada, to take a financial interest in, I agreed to do so. Some six months later, in October, 1928, I took an interest in the Beauharnois Syndicate."

(18) On Page 930 of the Evidence appear these Questions and Answers:—

By the Chairman:

Q. That is not a correct statement, Senator, I suggest to you?—A. I suggest, Sir, that it is a correct statement.

Q. Then your evidence yesterday was wrong, because you bought from Sifton in May?—A. I did not appear in it until October. Mr. Ebbs was my representative in October, and I became active in it in October.

Q. Is that your explanation for that statement?—A. That is my explanation for that statement. I was in the syndicate—

Q. Why, of course, you were in the syndicate; here is your evidence?—A. The end of May, 1930, and not when I made the speech in the Senate.

Q. You say in your speech, distinctly that in October, 1928, you first took an interest in the Beauharnois Syndicate. Yesterday in your sworn testimony you admitted that you had purchased from Sifton in May, 1928?—A. That is correct.

Q. I suggest to you that your statement in the Senate was entirely wrong?—A. It may have been ambiguous, but it was not wrong. What I meant was I came into it in October through Mr. Ebbs. That is the first time I came into it.

Q. Just before you go on with that, Mr. White, I want to complete the question I was putting to the Senator a moment ago (To the witness). While you were making this ambiguous speech, as you call it now, in the Senate on the 20th May, 1931, of course, you were interested with Mr. Henry in the Sterling Industrial Corporation?—A. That is right.

In expressing concurrence with the above this Committee calls attention as well to the following considerations making some comment or expression of opinion thereon. The entire speech made by Senator McDougald in the Senate on 19th April, 1928, as taken from the Senate Debates is as follows:—

Hon. W. L. McDougald: Honourable gentlemen, I desire to make a statement on a question of privilege, and to give an absolute denial to certain newspaper implications reflecting on my honour and integrity, both as a member of this honourable body and as a private citizen.

The Toronto Globe of April 18, prints a despatch from its Ottawa correspondent, dealing with the bringing down of correspondence between the Canadian and United States Governments on the subject of the St. Lawrence waterways, in which it says, amongst other things:—

Hon. Senator McDougald is reputed to be connected with the Beauharnois Power Company, which recently obtained a charter from the Quebec Legislature for a gigantic development in the Quebec section of the St. Lawrence.

The report also contains a number of statements relative to the merits of private and public construction. I am concerned, however, only in giving an immediate, unequivocal and absolute denial to the implication of the Globe despatch that I am connected with the Beauharnois Power Company. I want to say here, and to say it with emphasis, that I do not own a dollar's worth of stock in this enterprise, and have no interest in or association with that company in any way, shape or form.

Now let me deal with a despatch which appeared in the Toronto Mail and Empire, also on April 18, and similar to that of the Globe, with the exception, perhaps, that where the Globe "reputes" the Mail and Empire "suspects".

That the report was written by Senator McDougald, Sir Clifford Sifton and Thomas Ahearn is believed, and the other members of the committee played unimportant parts and did not influence the decision. These three capitalists are either known or suspected of being interested in power schemes, and the proposal to develop the national section first at the expense of private interests who would have the power, is credited to them. The criticisms so far advanced are many and pertinent. that the proposal endorsed by the Government was prepared by power interests represented by Sir Clifford Sifton, Thomas Ahearn and Senator McDougald.

Speaking for myself, I want to make a further positive and absolute denial of the implications and suspicions of the Mail and Empire. The report was prepared by the Advisory Committee, and by the Advisory Committee alone. That the Government put upon that committee men who presumably knew something about power and power schemes was probably for the same reason that it puts upon the Railway Commission men who presumably know something about railways; but for two of the prominent newspapers of this country to put out an impression to the public of this and other countries that the members of the committee were actuated by motives of private gain, or collusion with power interests, is, I think, an action which is undue, unfair and unwarranted. So far as I myself am concerned, I cannot add too much emphasis to my denial of the suspicions and aspersions which these despatches have cast upon me as a member of the Advisory Committee, as a member of this honourable body, and as a private citizen. Perhaps I may take some slight comfort from the fact that this sort of thing seems to be one of the ordinary penalties of public life.

We have already dealt with the question as to whether or not at the time this speech was made Senator McDougald was the owner in whole or in part of the Winfield Sifton shares or part interests. Even if, however, we are to assume that he became the owner only on 18th May, 1928, he was at the time the above speech was made, and had been for several years before, the owner of the Sterling Industrial Corporation (subject to an indefinite and un-enforceable understanding for division of its stock with Mr. Henry) and the Sterling industrial Corporation was interested directly and very practically as it turned out, in the St. Lawrence Power and Canalization development at the very point in question. In the body of the Mail and Empire article it is said that three capitalists including himself "are either known or suspected of being interested in power schemes and the proposal to develop the national section first at the expense of private interests who would have the power, is credited to them." When, therefore, Senator McDougald made on 19th April, 1928, "positive and absolute denial of the implications and suspicions of the Mail and Empire," he was not speaking the language of candor and truth.

Turning now to the speech of Senator McDougald in the Senate on 20th May, 1931, and assuming again that his purchase of the Sifton interests in Beauharnois Company was made on the 18th May, 1928, or twenty-nine days after the speech of 19th April, 1928, we cannot acquit the Senator of lack of candor again in saying in the latter speech that he became interested "some six months later, in October, 1928," when the Sifton part interests previously held

in the name of Moyer became held in the name of Ebbs. Senator McDougald knew quite well that from 18th May, 1928, to October 2nd, 1928, Moyer held for him just as Ebbs held for him from 2nd October onward. It is more than a violation of language to describe such an error as merely an "ambiguity."

At this point it must be remembered that from the 20th day of April, 1928, Senator McDougald was an active member of a Committee of the Senate appointed by virtue of the following resolution:

Ordered, that a Special Committee of the Senate be appointed to enquire into and report from time to time on the matter of the development and improvement of the St. Lawrence River for the purposes of navigation and production of electric current and power and matters incidental to such objects; and that the Committee be empowered to send for persons, papers and records, to examine witnesses under oath if deemed necessary, and to employ stenographers and other clerical help subject to approval of the Senate in regard to expenditures, &c."

This Committee held meetings and conducted hearings until the 7th day of June, 1928. At its meeting of 31st May, 1928, he put certain questions (quoted in part from the Commons Report above) previously prepared and submitted to the witness, for Mr. Henry's answer. On the Senator's own admission, he had held, as well as his interest in the Sterling Industrial, a large interest in the Beauharnois Company itself since 18th May, 1928. It is a singular thing that the sense of honour which on April 19, 1928, compelled him to deny before the Senate of Canada any connection with Beauharnois and all the "implications, suspicions and aspersions" which he said were cast on him by the Globe and Mail and Empire, did not impel him to disclose to the Senate or its committee the personal interest which he held in the very subject matter which the Senate Committee was reviewing. In our opinion it was his duty so to have done. On the contrary he contented himself by giving answers as follows:—

By Mr. White:

Q. I suggest to you that on that date when you called Mr. Henry as a witness you had an interest in the Beauharnois project?—A. That is right.

Q. That is right. Did you disclose that to the Committee?—A. It was none of their business whether I had or had not any interest in it.

The paragraphs of the summary dealing with the price at which Senator McDougall purchased his shares and to certain travelling expenses received by him are as follows:

(19) *Further in his speech on the 20th May, 1931, Senator McDougald said: I might add that I paid into the syndicate dollar for dollar with every other member of it.*

(20) *As previously pointed out in this Report, Senator McDougald, Senator Raymond, and Mr. Frank Jones, bought their units in the first syndicate for many fewer dollars per share than any other of the members, except possibly Mr. Sweezey who got some of his for a consideration other than cash.*

(21) *It is also significant that Senator McDougald received considerable sums of money from the Company for travelling expenses.*

In confirming the facts set out above, we add that the Beauharnois Company paid the hotel expenses of Senator McDougald in Ottawa during the time the Commons Committee sat, though at that time Senator McDougald was in Ottawa attending the Session of the Senate.

Included in the above expenses was the sum of \$7,500 the fees of Mr. Starr, who appeared before the Commons Committee as counsel for Senator Mc-

Dougald and who distinctly represented himself as acting, and in fact did act only for Senator McDougald before such Committee.

The concluding paragraphs of the summary are as follows:

(22) *How one holding the high offices to which he had been called, as Chairman of the Montreal Harbour Board, member of the National Advisory Committee on St. Lawrence Waterways, a Senator of Canada, and a member of the Special Committee of the Senate, above referred to, and as he himself has stated, having a high regard for his public duties, should allow his private interest to so interfere with his public duty that he found it necessary, speaking from his place in the Senate to be "ambiguous" and incorrect, it is difficult for your Committee to understand.*

(23) *Senator McDougald's actions in respect to the Beauharnois project cannot be too strongly condemned.*

In the judgment of the Committee the conclusions herein set up are amply justified by the evidence that Senator McDougald's actions were not fitting or consistent with his duties and standing as a Senator.

SENATOR ANDREW HAYDON

A summary dealing with the connection of Senator Andrew Haydon with the Beauharnois Power Project appears in the report of the House of Commons Committee submitted to us. We quote from it as follows:—

(1) *The first connection of Senator Haydon with the Beauharnois project appears to be in 1924, when his firm incorporated for Senator McDougald and Mr. Henry the Sterling Industrial Corporation on the 5th July of that year and made the application of that Company to the two Departments of the Government for the right to divert 30,000 c.f.s.*

(2) *His firm was retained by Mr. Sweezey for the Beauharnois Power Syndicate in the fall of 1928 under somewhat peculiar circumstances.*

(3) *Senator Haydon has been a member of the Senate since March 11, 1924, and was known to Mr. Sweezey to be a member of the Liberal Party who collected campaign funds. The retainer was of an unusual character. The firm demanded in excess of \$30,000 per year but Mr. Sweezey demurred and finally arranged that the firm of McGiverin, Haydon and Ebbs would be paid the sum of \$50,000, conditionally upon approval of its application by the Governor in Council. On October 3, 1928, this firm received a cheque from the Marquette Investment Company for \$7,500 for legal services. On page 728, Mr. Sweezey says in an interview with Mr. McGiverin, "However, by a compromise I agreed that if the thing got through, I would prefer to pay on that basis; if it went through I would pay him \$50,000, and a retainer for three years at \$15,000. . . it is human nature to work harder at a price." Asked, in the event of failure what would happen, Mr. Sweezey's answer was "Well, he would have his expenses. At least I presumed that he would have to have his expenses. . . I was sure he would charge me something for it." This arrangement was apparently made, according to Mr. Sweezey, some time prior to the 2nd October, 1928, (Evidence Page 729).*

(4) *On the 2nd October, 1928, a transfer was made to Mr. Ebbs of the Haydon firm, from Mr. Clare Moyer of the interest Mr. Moyer then held in the Beauharnois Power Syndicate for Senator McDougald.*

(5) *Mr. Ebbs, Senator Haydon's partner, acted as Syndicate Manager for some time representing Senator McDougald. The Order in Council*

was approved, Senator Haydon's firm was paid \$50,000 and thereafter received several cheques in pursuance of the arrangement made with Mr. Sweezey by which that firm was to be paid a retainer of \$15,000 per year.

(6) Senator Haydon was a man of note and standing in his party and was recognized as one of the official organizers of the Liberal party in Canada. Senator Haydon became the recipient from Mr. Sweezey and the Beauharnois Company of sums of money for campaign purposes, said to be in excess of half a million dollars, and it is also to be noted that throughout this firm did not render any detailed bill for professional services, as shown by the vouchers (Exhibit Nos. 85 to 87 inclusive).

(7) In these circumstances, your Committee is of opinion that the acceptance of the above mentioned contingent retainer and of the \$50,000 involved, and of the campaign funds by Senator Haydon cannot be defended and is strongly condemned.

Senator Haydon did not give evidence before the House of Commons Committee but gave evidence before this Committee. In view of the further evidence given before this Committee with regard to Senator Haydon's relations to this entire matter, we make the following comment, expression of opinion and report:—

Senator Haydon denied before this Committee that the \$50,000 fee was made contingent on the passing of the Order in Council (P.C. 422). He also stated that the entire fee received by his firm aggregating \$80,000 was for work which had been done for some time previous to the making of the fee arrangement and also for work still to be done.

In coming to a conclusion as to what the facts really were, it is necessary to take into account the entire circumstances surrounding this subject as revealed in the evidence. It is noteworthy that, as found in paragraph No. 6 above, Senator Haydon's firm did not render any detailed bill, as shown by the Exhibits, and while it was decidedly in his interests to show that the legal services rendered were at least remotely commensurate with the money received, Senator Haydon fell very far short of establishing such services by his or any other evidence. It is impossible for us to find anything of a legal character that was done by this firm, which would have been remunerated by any company on a business basis at a figure equal or nearly equal even to the total retainers paid periodically by the Beauharnois Company to Senator Haydon's firm aside entirely from the special \$50,000 fee.

In the face of this fact and having in mind as well the high position enjoyed by Senator Haydon in the public mind in relation to the party in which he held high trusts, and having regard as well to the very positive, unequivocal and comprehensible account of the arrangement given by Mr. Sweezey, it is impossible for us to find otherwise than that the \$50,000 fee was contingent on the passing of the Order in Council.

In this same connection it should be added that the account for services kept in the office of Senator Haydon's firm with regard to the Sterling Industrial Company was continued into the account for service kept by the same firm in regard to the Beauharnois Project and all became one account and was finally closed by cheques from the Beauharnois Company.

Special reference must be made to the following evidence given by Senator Haydon before this Committee:—

Q. Then— —A. Mr. Mann, you have asked me about my conversations with Mr. Sweezey.

Q. Yes, Sir?—A. As far as I remember—as far as I remember my first conversation in respect of Beauharnois of any consequence at all; was with Mr. Sweezey. There were some others present; I don't remem-

ber all who they were. I saw in the papers that he had been sued or was going to be sued by people from London which run publicly under the name of the Great Lakes Transportation and Power Company. He always seemed to me one who was ready to go into ventures quite freely, from the time I first saw him. I first saw him at Queen's College on these boards, and in respect of the discussion of investments and things I first became acquainted with him. I asked him on this occasion—it was sometime before 1929, or the beginning of 1929, perhaps—I asked him what good was Beauharnois. It didn't seem to me it was of any value, because he had no takers of power. I asked him if he had any contracts for power. He said no, he had not particularly. He talked about Americans who would come and settle along the river, and enterprise would begin. I said to him: "What is the good of them if you don't have something nailed down?"—I think I used the word that you have been asking me to repeat, "moonshine"—This will never get anywhere. It is not any good." "Oh," he said, "but when we have a contract in sight." I said, "where or how?" I had never heard of this before. He said with the Ontario Hydro Commission. I said, "Why don't you get it signed and get something solid?" And his answer was "Howard Ferguson won't let it be signed until he gets \$200,000." I said nothing more and heard nothing more about Beauharnois for a good time.

This statement was at the first opportunity and most categorically, denied by Mr. Sweezy. This Committee while of the opinion that the evidence given by Senator Haydon and quoted immediately above was irrelevant to the subject matter entrusted to us as being beyond the scope of the inquiry, nevertheless agreed to take the evidence of Honourable Howard Ferguson, who was living in England—upon his requesting, by cablegram, permission to be heard.

The Honourable Mr. Ferguson came to Canada and stated in evidence that he came at his own expense and emphatically denied that any such conversation had ever taken place with Mr. Sweezy or anyone else. Both Mr. Sweezy and Mr. Ferguson gave evidence of the only two occasions upon which they had met and that on both occasions men of prominence and high standing were present, and in this respect their evidence agreed.

It is also to be noted that, although Senator Haydon in his first reference to this subject testified that the statement of Mr. Sweezy was made in the presence of others, he did not produce or offer to produce before this Committee any such other persons to confirm his account of the incident. Under these circumstances it is impossible to find otherwise than that Senator Haydon's evidence in this regard was not correct.

We ratify the conclusion of the Commons Committee as expressed in paragraph No. 7 of the above report. Senator Haydon's conduct was unfitting and inconsistent with his position and standing as a Senator of Canada.

SENATOR DONAT RAYMOND

A summary dealing with the connection of Senator Donat Raymond with the Beauharnois Power Project appears in the report of the Commons Committee submitted to us. We quote from such as follows:—

(1) *Senator Raymond was appointed to the Senate on the 20th December, 1926. He, voluntarily, after the permission of the Senate had been granted, appeared before the Committee on the afternoon of the 16th July, 1931, and stated that he had subscribed on the 1st April, 1927, at the suggestion of Honourable Mr. Mitchell and Mr. Frank P. Jones, for 800 units of the Beauharnois Syndicate at a price of \$30,000, which he*

paid. These became 1,600 units in the second syndicate and as was his right, he subscribed for 1,600 further units, in the name of J. R. Lefebvre and made his holdings 3,200 units. On the whole transaction he realized as of the 17th December, 1929, \$529,600 profit and 14,040 shares of Class A stock of the Beauharnois Power Corporation, Limited. Senator Raymond sold all his originally acquired units at the same time that Mr. Frank P. Jones sold his at \$550 per unit, and later Senator Raymond bought from W. G. Mitchell 350 units and from R. T. Fuller one unit in the Beauharnois Power Syndicate and he held these at the dissolution of the Syndicate on the 17th December, 1929. His total profit was as above mentioned. He states that neither at Quebec nor at Ottawa did he exert or attempt any political influence on behalf of the Beauharnois applications. His evidence is that he "did nothing to push the deal." On page 794 of the evidence, Senator Raymond was asked:—

Q. Then are we to understand you to say, that having this interest in this project and knowing that there was a very strong opposition and a big fight being put up, you never turned a hand to help at all?—A. I do not know if there was anything in my power to do towards helping it.

Q. Well, you could help?—A. I thought the only help that I could give was to put my money in.

Q. I may take it then from what you say, that we have your unequivocal statement that at no time did you attempt to exert your personal influence on behalf of this project?—A. At no time.

(2) At the conclusion of his evidence one of the members of the Committee expressed the view that he ought to be commended for his frankness in giving his evidence. It was, however, later disclosed in evidence that according to the bill of Messrs. Geoffrion and Prud'homme, Counsel for the Beauharnois Syndicate (Exhibit No. 114) from September 10, 1927, to May 23, 1928, there appear some sixteen entries charging for interviews with and telephone to and from Senator Raymond. An interview appears to have taken place on one occasion with Honourable Mr. Mitchell and on another occasion in Ottawa with Senator McDougald.

(3) On page 391, Mr. Frank P. Jones states, "I certainly asked Senator Raymond over and over again if he could not do something to get some action."

(4) It transpired when Mr. Sweezey returned to give further evidence that Senator Raymond had received from Mr. Sweezey some \$200,000 of campaign funds for the Liberal party. The commendable frankness would seem to require that Senator Raymond should have disclosed this to the Committee if he wished the Committee to understand that he was stating fairly his connection between the Government and the Beauharnois promoters.

(5) In view of Mr. Sweezey's attitude throughout and his views as to the necessity for political influence, it is hardly conceivable that Mr. Sweezey would pay this large sum of money over to Senator Raymond unless he at least was satisfied that the Senator's influence had been or would be worth the money and it is remarkable that Senator Raymond did not insist on making some explanation of his position in this regard, in view of his evidence.

Senator Raymond appeared before this Committee and gave evidence, as he had done before the Commons Committee. In explanation of the charge of lack of frankness stated or implied in the report of the Commons Committee with respect to himself, he submitted that at the Commons Inquiry he had not

been asked at all with respect to campaign funds, and would have admitted the receipt of \$200,000 for that purpose had he so been asked. He stated that he remained in the city and signified that he would give further evidence should it be called for, and left only on the assurance given him by a member of the Committee that he would not be further required. No evidence was adduced to contradict Senator Raymond in this regard and we accept his evidence. It should be added, however, that according to the evidence of Senator Haydon, given before this Committee, Senator Raymond received further large sums in the way of campaign contributions such sums having first been given to Senator Haydon by Mr. Swezey and by him handed to Senator Raymond. If the evidence of Senator Haydon in this connection is correct, and it is not disputed, it follows that Senator Raymond was not entirely frank in the submission of his evidence to this Committee.

Although further testimony was given by the production of a statement of account for legal services filed by Mr. Geoffrion, K.C., that there had been more conversations between Senator Raymond and Mr. Geoffrion after the application had been made to the Governor in Council for the passing of what became P.C. 422, and although the evidence given before the Commons Committee clearly shows a very deep and continuous interest on the part of Senator Raymond in procuring such Order in Council, nevertheless nothing was adduced to contradict Senator Raymond's repeated declarations that he had at no time exerted his influence with the Government to the above end.

While this Committee agrees that the facts found in the summary of the Commons report referring to Senator Raymond are established, and with the opinions expressed in such summary, especially that contained in paragraph No. 5 thereof, it is impossible for us to do otherwise than accept Senator Raymond's denial that influence directed toward affecting government policy was actively exerted by him.

The evidence, however, is conclusive of the following facts: That Senator Raymond accepted from a company—directly or indirectly—very large sums of money by way of campaign contributions; that the company from which such funds were accepted was dependent vitally on government franchises or concessions; and that one of the governments from which such franchises or concessions were necessary was the government of Canada, of which Senator Raymond was a very prominent supporter.

This Committee feels it to be their duty to express the opinion that Senators of Canada should not place themselves in the position of receiving contributions from or being interested in an enterprise dependent on specific favour, franchise or concession to be made by a government whose conduct is, under the constitution of Canada, subject to review by both branches of Parliament.

All which is respectfully submitted.

CHARLES E. TANNER,
Chairman.

MINUTES OF EVIDENCE

TUESDAY, 16th February, 1932.

The Special Committee of the Senate appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any Honourable Members of the Senate, met this day at 2.30 o'clock p.m.

PRESENT: The Honourable C. E. Tanner, Chairman, the Honourable Senators Béique, Donnelly, Copp, Griesbach, McMeans and Robinson.

The CHAIRMAN: Now, gentlemen, you have before you the resolution of the Senate, and you also have the report which is mentioned in the resolution—that is the report which is referred to, which is contained in the Senate Minutes.

Hon. Mr. BÉIQUE: Then there is the evidence taken in the House of Commons.

The CHAIRMAN: The formal resolution of the Senate referred the report to us, and then provided authority whereby we can get the evidence, if we want it, from the House of Commons.

The CHAIRMAN: (*To the Clerk of the Committee*) Mr. Hinds, you communicated with the honourable members of the Senate who are mentioned in this report?

Mr. HINDS: Yes, sir.

The CHAIRMAN: By letter, did you?

Mr. HINDS: Yes, sir.

Hon. Mr. BÉIQUE: Senator Raymond is here. He was on the train this morning.

The CHAIRMAN: May I ask if Senators McDougald, Haydon and Raymond are here? I see Senator Haydon is here. Senator McDougald is not here, is he?

I think you had better read that letter, Mr. Hinds, and we will put it in the record.

The CLERK OF THE COMMITTEE:

SIR,—I have the honour, by direction, to inform you that the Special Committee of the Senate appointed for the purpose of taking into consideration the report of the Special Committee of the House of Commons of last session to investigate the Beauharnois Power Project, in so far as the said report relates to any honourable members of the Senate, will commence regular sittings on Tuesday next, the 16th of February instant, at 2.30 p.m., in Senate Committee Room No. 262.

Your obedient servant,

A. H. HINDS,
Chief Clerk of Committees.

This letter was addressed to the Honourable W. L. McDougald, Room 919, 360 St. James Street, West, Montreal, P.Q. A similar letter was addressed to Honourable Senator Haydon and to Honourable Senator Raymond. They were sent out on the 12th of February, instant.

Hon. Mr. GRIESBACH: By registered mail?

The CLERK OF THE COMMITTEE: Yes.

Hon. Mr. BÉIQUE: I know Senator Raymond is in the building. He may be in his room just now. If he is required he can be had, because he is in the building.

The CHAIRMAN: Is Senator McDougald present, or represented by counsel?

Hon. LUCIEN CANNON: Senator McDougald is not here, Mr. Chairman.

The CHAIRMAN: Are you representing him?

Hon. Mr. CANNON: I am representing him, Mr. Chairman. I understood the meeting to-day to be a preliminary meeting for organization purposes, and that the Committee did not intend beginning its actual work to-day—that there is to be an adjournment. That is the understanding I had.

The CHAIRMAN: Then we can put it on the record that you are representing him.

Hon. Mr. CANNON: Yes, sir.

The CHAIRMAN: Senator Haydon, are you going to be represented by counsel?

Hon. Mr. HAYDON: Yes, by Mr. R. S. Robertson, K.C., of Toronto.

The CHAIRMAN: And Senator Raymond is in the building, and I think you said, Mr. Béique, he did not intend to have counsel.

Hon. Mr. BÉIQUE: I think he intends to have counsel.

The CHAIRMAN: Well, I may say to the members of the Committee who were not present at the last meeting we had, immediately after the Senate adjourned, a resolution was passed to ask for counsel for the Committee of the Senate, I was in communication with the leader of the Senate, Mr. Meighen, but up to the present time I have had no definite information as to who is to act in that capacity.

Hon. Mr. BÉIQUE: It can be done before the next meeting.

The CHAIRMAN: Yes. Mr. Cannon, on behalf of Senator McDougald have you any suggestion to make as to when Mr. McDougald would find it convenient to be here?

Hon. Mr. CANNON: He is at the entire disposal of the Committee. We are altogether in your hands, Mr. Chairman. Whatever you decide will suit us.

The CHAIRMAN: I suppose that is true of you also, Mr. Haydon?

Hon. Mr. HAYDON: Oh, quite.

The CHAIRMAN: And, I presume, of Mr. Raymond?

Hon. Mr. BÉIQUE: Yes, I would suggest that when this Committee adjourns it should adjourn to Tuesday the 23rd—Tuesday next.

The CHAIRMAN: That is a week from to-day.

Hon. Mr. McMEANS: The Senate meets on the 1st of March. Perhaps we had better adjourn till the 2nd of March.

The CHAIRMAN: It is very desirable that we should have all the members of the Committee here without unnecessary inconvenience. Everybody would be here then. Senator Chapais is away. He could not be here to-day. Would that suit you, senator?

Hon. Mr. BÉIQUE: Yes.

The CHAIRMAN: Have you gentlemen any suggestion to make about that, or any desire? It is proposed by the Committee to adjourn until Wednesday the 2nd of March, at 11 o'clock in the forenoon.

Mr. ROBERTSON: We will make that convenient for us.

The CHAIRMAN: We would like to consult your convenience as well.

Mr. ROBERTSON: That is quite all right.

Hon. Mr. McMEANS: Do I understand that the gentlemen would be prepared to go on on that date—there would not be any requests for further adjournments—peremptorily?

The CHAIRMAN: Yes, well if that is satisfactory to all the Committee will be adjourned.

Hon. Mr. BÉIQUE: The witnesses will be called for then?

The CHAIRMAN: Yes.

Mr. Cannon, have you any desire that this Committee should summon anybody, any witnesses?

Hon. Mr. CANNON: Well, at present I am not in a position to make any suggestions along those lines, but if we felt that witnesses might be summoned, I can give the Committee an assurance that I will communicate either with you, Mr. Chairman, before the Committee meets again, or the very day it meets, so that there will be no delay.

The CHAIRMAN: Yes, that will be understood.

Hon. Mr. BÉIQUE: I would suggest that Mr. Aimé Geoffrion, K.C., be summoned to appear.

Mr. ROBERTSON: May I ask if it would be quite in order to let counsel have in advance the names of the witnesses who are to be called?

The CHAIRMAN: Oh, I think so.

Mr. ROBERTSON: We could prepare much better.

The CHAIRMAN: Oh, certainly. We have open court here.

Hon. Mr. BÉIQUE: As to that, it might be understood that anybody interested will be at liberty to ask that witnesses be summoned, and that the Clerk will let counsel know.

The CHAIRMAN: Mr. Hinds will have all the information.

Hon. Mr. CANNON: And may I ask that counsel be supplied with the proceedings of the Senate since the opening of this session, and also the proceedings of the House of Commons, so we will have before us a record.

The CHAIRMAN: Anything like that we will be very pleased to give you.

Hon. Mr. McMEANS: You can get that from the Clerk.

The CHAIRMAN: Well, if there is nothing else, the Committee will stand adjourned until Wednesday, the 2nd day of March, at 11 o'clock in the forenoon.

THE SENATE,

WEDNESDAY, March 2, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at eleven o'clock in the forenoon.

Present: the Honourable Senators Tanner (Chairman), Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans, and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, counsel for the Committee.

The Honourable Lucien Cannon, P.C., K.C., Quebec City, Quebec; Mr. John W. Cook, K.C., Montreal, Quebec; and Mr. Hugh E. O'Donnell, Montreal, Quebec, counsel for the Honourable Senator W. L. McDougald.

Mr. R. S. Robertson, K.C., Toronto, Ontario, counsel for the Honourable Senator Andrew Haydon.

Mr. Thomas Vien, K.C., Montreal, Quebec, counsel for the Honourable Senator Donat Raymond.

The CHAIRMAN: Gentlemen, at the last meeting of the Committee a motion was moved by Senator McMeans and seconded by Senator Donnelly, and it was ordered that the Government be requested to provide counsel to assist the Committee. That was decided at the last meeting of the Committee.

Hon. Mr. BÉIQUE: Mr. Chairman, I doubt that it would be regular. I think the regular way of proceeding would be for this Committee to obtain authority from the Senate to engage counsel. I do not think that it can be done in any other way.

The CHAIRMAN: Well, in pursuance of the Order which I just read I was in communication with the Department of Justice, and that department has assigned Mr. J. A. Mann, K.C., of Montreal, and Mr. A. L. Smith, K.C., of Calgary, as counsel to assist the Committee. Now, of course we all understand that the Senate has to look to the treasury, which is controlled by the Government, to pay for these counsel. I do not think there has been any question about the authority of the Committee, with the approval of the Government, as to assurance that these counsel will be paid. However, that is for the Committee to decide.

Hon. Mr. BÉIQUE: Well, of course we may possibly take it for granted that the Senate this afternoon will approve of it.

Hon. Mr. CHAPPAIS: Yes.

The CHAIRMAN: I think so. Now, these gentlemen are present this morning, Mr. Mann and Mr. Smith, and I understand that they are ready to take the conduct of the proceedings, which would be very satisfactory, I should think, to the Committee, because as members of the Committee we do not want to engage personally in these matters. We are here, as I hope, in a senatorial, judicial capacity, to hear what is to be said, and we will hear counsel for any one who is interested; but we have these two gentlemen who will carry on the proceedings, and conduct them, I feel sure, quite satisfactorily to the Committee.

Hon. Mr. BÉIQUE: Mr. Chairman, I would make another suggestion; it would be that the counsel who will act to assist the Committee be requested to act as Attorney-General.

The CHAIRMAN: I should think so, yes, certainly; they are really representing the Senate.

Hon. Mr. CHAPPAIS: And representing the public.

The CHAIRMAN: And representing the public; I think that would be quite right. I think they are prepared to adopt that attitude.

Mr. MANN: That is correct.

The CHAIRMAN: We are not here to prosecute anybody; we are here to listen to anything that is brought out. Gentlemen, in that case are you ready to go on this morning?

Mr. MANN: We are ready, Mr. Chairman.

The CHAIRMAN: Then we put the matter in your hands; what do you propose?

Right Hon. Mr. GRAHAM: Might I ask a question before you start? It will come up later. Now, as witnesses are to be subpoenaed, should not this Committee have something to say as to what witnesses are to be subpoenaed? Or can counsel go on and subpoena any witnesses they like, and open up any aspect of the case they like, without consulting the Committee? I am not ask-

ing this as a foolish question, because I have a little information concerning it which would seem to very much broaden the scope of the reference. I do not think we have any right to go outside of that reference.

The CHAIRMAN: Oh, yes, we cannot allow counsel to subpoena everybody on everything.

Hon. Mr. BÉIQUE: We must be consulted.

The CHAIRMAN: I say all the summonses for witnesses would have to be signed by me. I will try to safeguard the public interest.

Mr. ROBERTSON: I am appearing for Senator Haydon, who is not capable of being here this morning. He was anxious to be, but he had a different opinion from his doctor. I saw the doctor yesterday. I assume this Committee would like to know what the doctor says as to Senator Haydon being able to give evidence or appear before the Committee, and the doctor was good enough to give me a certificate stating his opinion.

The CHAIRMAN: I do not think we are in a hurry about that. I would prefer first to know what these gentlemen propose to do. We will take all due care to safeguard Senator Haydon.

Mr. ROBERTSON: I want the Committee to know that he is not able to be here, through illness, and I have information from his doctor that would be available to the Committee if they want to know what they can do about it.

The CHAIRMAN: That will be available later on.

Mr. MANN: I suggest that Mr. Robertson is right in saying for whom he appears, and I think it would be right if you were to ask other gentlemen for whom they appear.

The CHAIRMAN: Well, we know about Mr. Robertson.

Hon. Mr. CANNON: I might say that at the last meeting I appeared for Senator McDougald. I may add that I have the pleasure of having with me two learned friends—Mr. Cook and Mr. O'Donnell, of Montreal—to assist me.

The CHAIRMAN: Is there any other counsel?

Mr. VIEN: Mr. Chairman, it was at first thought that it was not necessary for Senator Raymond to be assisted by counsel before your honourable Committee, but inasmuch as there will be witnesses to be heard, and it might become advisable to put a few questions, I beg leave to appear with him in this inquiry.

The CHAIRMAN: Is there any other counsel?

Mr. MANN: Then, Mr. Chairman, it might be well to have the order convening the Committee read. There are four orders in all.

Hon. Mr. McMEANS: We had all that at the first meeting.

Mr. MANN: Before asking the clerk of the House of Commons to produce the evidence on the inquiry last year, I might read these orders. The first order is on the Minutes of the Proceedings of the Senate of February 11, 1932, page 22, as follows:—

That a Special Committee of nine senators to be hereafter named, be appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last Session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any Honourable Members of the Senate, said Special Committee to hear such further evidence on oath bearing on the subject matter of such report in relation to any such Honourable Members of the Senate as it may deem desirable and in accordance with constitutional practice, and that the said Committee be authorized to send for persons, papers and records.

The second order is:—

That the fourth Report of the Special Committee of the House of Commons appointed to investigate the Beauharnois Power Project, laid on the Table of the Senate on the 1st August, 1931, be referred to the Special Committee of the Senate appointed for the purpose of taking into consideration the said report in so far as it relates to any Honourable Members of the Senate.

The next order will be found in the Minutes of the Proceedings of the Senate for the 12th February, 1932, page 30:—

That the following senators, namely: the Honourable Senators Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans, Robinson, and Tanner constitute the Special Committee appointed for the purpose of taking into consideration the Report of the Special Committee of the House of Commons of the last Session thereof to investigate the Beauharnois Power Project in so far as the said Report relates to any Honourable Members of the Senate, and that the said Committee be authorized to sit during sittings and adjournments of the Senate.

And then we have this order:—

That a Message be sent to the House of Commons requesting that House to grant leave to their Clerk to appear and produce before a Special Committee of the Senate a copy of the evidence adduced during the last Session before the Special Committee of the House of Commons appointed to investigate the Beauharnois Power Project.

Therefore it seems necessary that the Clerk of the House be here, Mr. Chairman, and that he be required to produce the evidence, included among which are the Exhibits; and I assume that, for the convenience of the Committee and the convenience of the public, that the printed copies may be used, and that that evidence is evidence before this Committee.

The CHAIRMAN: Do you want the Clerk called?

Mr. MANN: I want the Clerk of the House of Commons.

ARTHUR BEAUCHESNE, K.C., Clerk of the House of Commons, Ottawa, appeared as a witness, and, having been duly sworn, testified as follows:—

By Mr. Mann:

Q. You are Clerk of the House of Commons, Mr. Beauchesne?—A. Yes.

Q. Will you look at the Exhibits before you, listed in a list signed by Mr. Taschereau, the Clerk of Exhibits of the House of Commons, dated 29th of January, 1932, and will you look at the Appendix No. 5 of the House of Commons, 1931, being Report of the Special Committee, and say if you produce these documents before this Committee as the Evidence, Proceedings and Exhibits taken before the Special Committee of the House of Commons in the Beauharnois Project investigation in 1931?—A. Yes, sir.

Q. Please produce the list of all the Exhibits that were produced in the House of Commons Special Committee, as the Exhibits now before this Committee.—A. I produce now the list of all the Exhibits that were produced before the Special Committee of the House of Commons which investigated the Beauharnois matter in the Session of 1931, together with the printed evidence that was taken before that Committee.

By the Chairman:

Q. That printed evidence is part of the Journals of the House of Commons; is that it?—A. Part of the Journals, yes.

By Mr. Mann:

Q. It is Appendix No. 5?—A. Yes, Appendix No. 5 of the Journals of the House of Commons of 1931.

The CHAIRMAN: Do any of you gentlemen want to ask Mr. Beauchesne anything?

Hon. Mr. CANNON: Mr. Chairman, I do not wish to examine the witness, but when the investigation was held last year the senators who are concerned in the inquiry before your Committee were not parties to the investigation before the House of Commons; so I would like to ask your Committee for a ruling. Is that evidence produced with the understanding that, should any of the senators—I am speaking for my client—deem it advisable to cross-examine witnesses, an opportunity not having been given last year, is it understood that we have permission to examine these witnesses if we wish to?

The CHAIRMAN: Yes.

Mr. ROBERTSON: May I take a somewhat similar objection, but on broader grounds? My client, Senator Haydon, was not even able to be present at the examination before the House of Commons Committee, and had no opportunity of taking part in it or examining any witnesses; so I suggest—and I do it with deference, knowing that this Committee is not bound by any rules of evidence or procedure—but I will submit this, after enquiring into the matter, that it is peculiarly within the jurisdiction of the Senate—the conduct of behaviour or standing of any member of the Senate—and it is not the practice, when a matter is one that peculiarly comes within the Senate's jurisdiction, to pay attention to what has happened in the other House or in any Committee of the other House. The matter is not one as to which this House concedes any jurisdiction in the other House to inquire into. I make that objection.

The CHAIRMAN: The scope of our inquiry is very clearly set out in the order of reference. We do not propose to go beyond that scope. Of course, later on, if we wish witnesses, or if you wish to examine witnesses, we will be very glad to accommodate you in the way of having them brought here, touching the matters that this Committee has to deal with.

Mr. MANN: I think, Mr. Chairman, it would be in order for this Committee to pass a resolution in respect to accepting the Blue Book, the Appendix, which has to be dealt with by counsel or by the Committee, and that the Exhibits be numbered simultaneously with the Exhibits as numbered in the House, in order to avoid confusion.

The CHAIRMAN: Is that the draft you gave me?

Mr. MANN: Yes. (Draft of Resolution handed to Chairman, and copies distributed to members of Committee.)

Hon. Mr. BÉRIQUE: I would suggest that these words be added after the words "produced upon the present inquiry":—

subject, however, to cross-examination which may be made by the parties interested.

Mr. MANN: That is quite satisfactory; perfectly all right.

The CHAIRMAN: That is exactly what we want to do.

Mr. MANN: Exactly. Will the clerk read the motion?

The motion, as amended, was then read by the Clerk of the Committee, as follows:—

That the evidence taken and the exhibits produced before the Special Committee of the House of Commons appointed to investigate the Beauharnois Power Project and now before this Committee, be received and

accepted by this Committee to avail as evidence before it, to the same extent and with the same effect as if the witnesses had been examined and the Exhibits produced upon the present inquiry, subject, however, to cross-examination which may be made by the parties interested; that the Blue Book entitled "Special Committee on Beauharnois Power Project," Session 1931, printed by the King's Printer, being Appendix No. 5 to the Journals of the House of Commons, 1931, be used, referred to and dealt with by this Committee and by counsel as containing a true transcript of all things therein reported and printed; and further that the Exhibits be given the same numbers as those given to them before the said House of Commons Committee.

The CHAIRMAN: Is that satisfactory to the Committee?

Motion agreed to.

Mr. ROBERTSON: May I speak to the resolution for a moment?

The CHAIRMAN: Yes, certainly.

Mr. ROBERTSON: I would like to make a suggestion, which is this. What has been referred by the Senate to this Committee is the report, and the report only. The evidence, exhibits, and all that sort of thing has not been referred here. Then, that evidence not only was taken, in the case of my client, behind his back, but it was taken on an inquiry conducted for an entirely different purpose. The conduct of no senator was in question at that time. That was not the subject-matter of the inquiry. This Committee has had referred to it now the duty of enquiring into the conduct of certain senators as referred to in that report. My submission, with all respect to this Committee, is that evidence taken somewhere else—whether in a Commons committee or anywhere—for another purpose, would not be received in a police court; much less, I submit, should it be received in a place of this kind. Then, the Committee of the Commons, it is clear—I can give this Committee reference to pages if necessary—did not consider itself bound by any rules of evidence in its inquiry, as counsel for that Committee said on one occasion, "The sky is the limit"—speaking of what he was bound by; "The sky is the limit"—without any reference to what the limits were the other way. Now, one reading the evidence will find that all sorts of leading questions were asked, such as we meet in cases, but particularly so in the case of my client, who was not there. Witnesses were asked questions which in the ordinary course of proceedings would be considered as being atrociously leading.

Hon. Mr. BÉIQUE: Allow me to draw your attention to this. The Committee has passed a resolution a moment ago accepting the evidence. Now you are objecting to that evidence being brought up before this Committee.

Mr. ROBERTSON: I did not understand that the Committee had finally accepted the motion. I wanted to speak to it before it was decided.

Hon. Mr. BÉIQUE: There was a motion that was adopted five minutes ago. That was the time for you to make objections.

The CHAIRMAN: I do not think you need to fear that this Committee is going to ramble all over investigating what this book contains, a whole lot of matter that is not relevant to our inquiry at all; but we are able to distinguish between that and what is relevant, I think.

Mr. ROBERTSON: But it is the evidence that might be considered relevant here that I am objecting to, because it was not the subject of enquiry there.

The CHAIRMAN: But this Committee has the right to look at the evidence to see if the report is well founded or not.

Mr. ROBERTSON: That is what I am submitting, with respect, that the Committee should not do. But what this Committee is to do is really to enquire into the conduct of these senators itself, and not to take the other.

The CHAIRMAN: The Committee is going to look at the evidence to see if the report was justified or not justified.

Mr. ROBERTSON: But you are not trying the Committee of the Commons, to say whether they were right in making the report. The charges are against my client.

Hon. Mr. McMEANS: I do not think that there is anyone on trial at all; it is just an inquiry.

The CHAIRMAN: You will have every opportunity of bringing any witnesses, or cross-examining any witnesses that you like.

Mr. ROBERTSON: What I want to warn the Committee against is paying any attention to the extraordinary examinations that were conducted before the Commons Committee. They were not such examinations as would be permitted on an inquiry of this kind, and the Committee should not submit to judging the matter on that evidence.

Right Hon. Mr. GRAHAM: Don't you think that the individual members of this Committee will exercise their right to value the evidence for what it may be worth, taking into consideration everything?

Mr. ROBERTSON: Of course, as counsel of some experience, I know the difficulty and the trouble of letting the judge read anything outside of the record except what he heard in court.

Hon. Mr. BÉIQUE: If any parties interested have any cross-examination to make now is the time to make it.

Hon. Mr. COPP: Any witnesses that were heard at the former inquiry, any counsel has the right to recall them for any purpose, for cross-examination or otherwise.

Hon. Mr. CHAPAIS: That is accepted by the Committee.

The CHAIRMAN: What do you propose next?

Mr. MANN: Mr. Chairman, you will all appreciate that there was a great amount of evidence heard before the first committee a very large proportion of which is irrelevant to this inquiry. It was put in in a non-chronological way which would be difficult for this committee to follow or for anybody to follow without considerable labour. It was my proposal to put before the Committee a species of chronological statement of the events leading up to the inquiry, the matters inquired into, the subject matters referred to in the inquiry in order of date, so that when you come to inquire into the report and into the evidence, and into the further evidence that you may see fit to call or that other persons interested here may be privileged to call it will be simple to follow. I venture to suggest they will be privileged in every respect without any limitation whatsoever, to call anyone they so desire. I think it is the desire of this Committee that the fullest and most searching inquiry should be made, and for that reason in order to shorten and more systematize the matters that have to be gone into it was my suggestion to make a chronological statement of circumstances and, if that is satisfactory to the Committee, I will proceed to do so.

Mr. VIEN: To what extent would such a statement be evidence or helpful to the Committee? May I suggest that it may perhaps be possible for the learned counsel to advise the committee of the material in this report which it would be unnecessary for them to go into?

Mr. MANN: Well, in answer to my friend, Mr. Vien, I think that that is throwing upon the committee and upon counsel a burden which their shoulders are not broad enough to carry. To do such a thing might result in very serious difficulties because counsel might advise the committee, and the committee might accept the advise of counsel, to eliminate certain portions of the evidence which it might be discovered during the inquiry was absolutely necessary to determine some fact and some circumstance to fit into the chronological history of this inquiry. That seems to me to be an answer to my friend, Mr. Vien.

Hon. Mr. BÉIQUE: I understand you have your statement in writing, the statement you are going to give?

Mr. MANN: No, I have not got it in writing, Senator Béique. I have memoranda which I think I alone could read.

Hon. Mr. BÉIQUE: You have no objection to letting us see it before you proceed?

Mr. MANN: No. I think I have some copies of it here. There are some copies here which I prepared with the possibility in view that you might ask for it. And I may say, Senator Béique, that there are a few interlineations and a few explanations in respect to some of the statements that are not contained in there but which will be printed in the report of these proceedings and which will be available, of course, to this committee.

Hon. Mr. BÉIQUE: Will you give us two minutes to consider it?

Mr. MANN: Yes, sir.

Hon. Mr. GRIESBACH: Unless counsel is permitted to read his memoranda into the minutes we are only wasting time, because I understand there are only five copies available. If counsel gets on with his presentation then counsel and everybody else will have an opportunity of reading the minutes of these proceedings to-morrow. I suggest he proceed to do it.

The CHAIRMAN: Your idea, Mr. Mann, is to set out in chronological order a skeleton of all the facts?

Mr. MANN: Yes, that is it, Mr. Chairman.

The CHAIRMAN: You are not presenting this as a speech at all?

Mr. MANN: My idea, Mr. Chairman, is that by presenting this in chronological form not only will it shorten the inquiry by systematizing the proceedings but it will be of some advantage to the committee in following the proceedings before the House of Commons Committee, and it will also assist counsel in following chronologically the history and circumstances of the Beauharnois matter.

Hon. Mr. BÉIQUE: For my part I do not see any objection.

Hon. Mr. CHAPAIS: I think it would be very useful for counsel.

Right Hon. Mr. GRAHAM: It is information not evidence.

Mr. MANN: Entirely information, Senator Graham. Mr. Chairman, the Committee of Inquiry before the House of Commons was brought about by the charges of—

Hon. Mr. CANNON: Before my friend proceeds further could we have a copy of that statement?

Mr. MANN: I may say to the Hon. Mr. Cannon that I have had a good deal of difficulty in getting anybody to write anything; but we will endeavour to have as many copies made as possible. I think you are welcome to whatever the committee can spare.

The CHAIRMAN: You will get copies, Mr. Cannon, in the printed proceedings.

Hon. Mr. CANNON: I understand that, Mr. Chairman, but I would like to follow my learned friend as he goes along.

The CHAIRMAN: Yes, certainly.

Mr. MANN: I was saying, Mr. Chairman, that the inquiry before the House of Commons Committee resulted directly from three speeches made by Mr. Robert Gardiner on the 22nd of May, 1930, on the 28th of May, 1930, and on the 19th of May, 1931. These speeches are reported in Hansard of 1930 at pages 2117 and following; then pages 2855 and following, and then pages 1875 and following of the year 1931.

Hon. Mr. COPP: What date is that of 1931, please? 1931 is not mentioned in the copy I have; it is all 1930.

Mr. MANN: You will find it referred to on the 19th of May, 1931.

Hon. Mr. COPP: It is 1930 here. That is the reason I asked the question.

Mr. MANN: The first one is the 22nd of May, 1930; then the 28th of May, 1930; and then the 19th of May 1931.

Hon. Mr. COPP: It is 1930 here.

Mr. MANN: It should be 1931.

Mr. VIEN: Would you repeat the references to the pages of Hansard, please?

Mr. MANN: The first reference is page 2117; the second reference is page 2855; and the third reference is 1875, that is, of 1931.

Mr. VIEN: Thank you.

Mr. MANN: The Commons Committee met and they sat, Mr. Chairman, from the 15th of June to the 22nd of July, and they had produced before them exhibits numbered up to 129. There are a few more exhibits than 129, because some of them are marked A and B, so there are probably about 135 exhibits. It will not be necessary to refer to more than a very small proportion of those exhibits—probably only those that are printed in the blue book—and with your permission I will call this document a blue book for short, which you have before you.

There were four reports made. The first three reports were merely reports of progress. The fourth report you will find at page 6 of the blue book. It was made on the 28th of July, 1931. The committee took into consideration, for the purpose of determining the scope of the inquiry, no doubt, all the angles from which they would have to go into questions, a species of short history of the waterways,—the St. Lawrence waterways question. Of course, I do not intend, except in the most casual remarks, to draw your attention to the international aspect of the St. Lawrence waterways question, and I only do it, Mr. Chairman, in order that it may fit into the chronological statements and the circumstances coming before this inquiry, as well as certain elements fitting into the respective commissions resulting from the respective international treaties, fitting in as well to the evidence which you will have before you. But in order that you will have a complete chronological view of the international aspect, I refer you to the report of this Special Committee of the Senate which was appointed on the 20th April, 1928, in respect of which Senator Tanner was chairman. That committee was appointed on the 20th April, 1928, and it brought in its report in book form in July, 1928.

Hon. Mr. CANNON: Is that one of the exhibits, Mr. Mann?

Mr. MANN: It is an appendix to the minutes of the proceedings of the Senate.

Hon. Mr. CANNON: I know, but has it been filed?

Mr. MANN: I do not know. The report has been filed.

Hon. Mr. CANNON: I mean before the Special Committee last year.

Mr. MANN: Yes. The report you will find in the appendix. It is referred to in several places, and I am only giving you that in order to shorten what I was about to say, namely, that I do not want to go into the national aspect of the international treaties; that the whole of this perhaps will be found in the beginning of that report at page 8, roman numerals.

On the 7th of May, 1924, there was finally the appointment of the engineers representing the Dominion Government to an international board known as the Joint Engineering Board. That resulted from the negotiations spread over several years, the appointment of the United States engineering members of that Board, and finally appointment by the members to represent that Board named by the Canadian government then in office.

On the 27th of May, 1924, there was appointed the National Advisory Committee. That committee was appointed under Privy Council Order 779, and is Exhibit 113. Consequently it will be Exhibit 113, by virtue of your resolution, in this inquiry.

Right Hon. Mr. GRAHAM: Are you sure the Senate appointed that committee?

Mr. MANN: No, the government.

Right Hon. Mr. GRAHAM: Apointed by Order-in-Council.

Mr. MANN: I beg your pardon. It was a government committee appointed by Order in Council P.C. 779 on the 7th of May, 1924. I said the 27th—it was the 7th.

Now, I think this Order in Council ought to be read to the Committee, because it is the beginning of the circumstances which we are going to review in the next few days:—

7th May, 1924.

P.C. 779.

The Committee of the Privy Council have had before them a Report, dated 7th May, 1924, from the Secretary of State for External Affairs, submitting that the question of improving the navigation on the St. Lawrence Waterway so as to provide access to the Great Lakes for maritime commerce, is one of considerable difficulty and complication, and its right decision may be of the highest possible importance to Canada. The project necessarily involves collaboration with the United States of America and the expenditure of very large sums of money. The minutest examination of the problem in all its aspects, financial, economic, technical and international, is not only justified but essential. The International Joint Commission has held hearings on the subject in both Canada and the United States, and has submitted a most elaborate and valuable report; the engineering problems involved have already been the subject of inquiry and report by an international board of engineers, and are to be further investigated by another such Board; other technical connected questions are in course of being studied by an interdepartmental committee.

The Minister is of the opinion that it would be in the public interest to constitute a National Advisory Committee to consider generally whether or not the project would, if completed, be beneficial to Canada, whether the benefits which might accrue and the pecuniary returns, direct or indirect, which may be anticipated from it are such as to counterbalance its disadvantages, if any, whether Your Excellency should indicate a readiness to enter into discussions with the United States of America looking towards the negotiation of a treaty for the carrying out of the necessary works, and what should be the character of the stipulations which any such treaty should contain.

The Minister accordingly recommends that a National Advisory Committee be constituted for the purposes aforesaid, the Honourable George Perry Graham, Minister of Railways and Canals, to be Chairman thereof, and the following to be its members:—

Thomas Ahearn, Ottawa, Ont.

Honourable Walter Edward Foster, St. John, N.B.

Beaudry Leman, B.Sc., C.E., Montreal, P.Q.

Edward D. Martin, Winnipeg, Man.

Dr. Wilfrid Laurier McDougald, Montreal, P.Q.

Honourable Sir Clifford Sifton, K.C.M.G., K.C., Toronto, Ontario.

Major-General John William Stewart, C.B., C.M.G., Vancouver, B.C.

Honourable Adelard Turgeon, C.M.G., C.V.O., Quebec, P.Q.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) E. J. LEMAIRE,

Clerk of the Privy Council.

Right Hon. Mr. GRAHAM: There seems to have been confusion always in the public mind as to the functions of that National Advisory Committee. It was in no sense international, held no meetings jointly with the similar committee of the United States Government. A committee was appointed on each side of the line to advise its own government whether this project, if carried out, would be beneficial to its own country. It had nothing to do with the other country.

Mr. MANN: That was the committee which was appointed by this government for the purposes which you have just mentioned.

Right Hon. Mr. GRAHAM: The reason I interject this is so that members of the committee will not be led astray in thinking that it had functions similar to the Joint Engineering Board. Each side appointed members of a joint engineering board that met internationally as well as nationally; but this board was simply for the Dominion Government.

Mr. MANN: Exactly. If I have created the impression otherwise I regret it. It was purely a Canadian order.

Right Hon. Mr. GRAHAM: It is a general impression.

Mr. MANN: Well, I may say it was a general impression with me for quite a number of hours before I discovered it, it became a particular impression later.

Now, sir, I want to say here that it will become necessary—in discussing this in chronological order of events—to name certain gentlemen who will be named throughout the investigations and throughout the evidence and throughout the reports. I merely mention them by name as part of the circumstance of the chronology and for no other purpose; but it becomes a necessity in order to follow the chronology from beginning to end and so that you may appreciate what many persons interested—and some honourable gentlemen interested—was the value of the water power project both from a navigation point of view and from a power point of view. And, in that respect, I go to the report of the National Advisory Committee, which is Exhibit 77. I am reading from page 19 of the exhibit, and the report of the majority of the committee. After all, it was the report; but there were observations given by two of the members of the committee in the form of a minority report. This is the observations of the majority of the committee at page 19, Section 4:—

We believe that if a reasonable time were permitted in which to enable the resultant power to be economically absorbed the development of this national section would be undertaken by private agencies able and willing to finance the entire work, including the necessary canalization, in return for the right to develop the power.

Then at top of page 21:—

For the same reasons which convince us that the development of the national section of the St. Lawrence should be entirely domestic, we feel that the Welland ship canal should continue to retain its purely Canadian complexion and be completed to whatever depth may ultimately be agreed upon, at the expense of Canada.

Still reading from page 21 of the majority report:—

In conclusion we would suggest that early opportunity be taken to reply to the overtures to Canada which the United States has made in regard to the St. Lawrence project, and we are of opinion that Canada's reply should contain the general sense of the views herein expressed. We would add the suggestion that, in view of the delicacy of the international negotiations involved, it would be inadvisable that our report be made public until such time as, in the discretion of the Government, it might be published without prejudice to Canadian interests.

The minority report,—it is not stated as a minority report but it is stated to be "Observations upon the report of the Canadian National Advisory Committee, by certain of its members." That is signed by Beaudry Leman and Hon. Adelard Turgeon, and it says, at page 27 of the report:—

It would appear of great importance that the Crown retain permanently its proprietary rights in all the improvements connected with this vast undertaking and pertaining to both navigation and power development. It is not difficult to visualize the immense value to Canada of retaining the control and disposal of such a large amount of hydro-electric energy admirably situated and which may be advantageously developed. In respect of an undertaking of this magnitude, which may insure the prosperity of many generations of Canadian citizens, the permanent ownership of this great Canadian heritage should not be surrendered to private interests but the operation of the power works developed by such a project could be leased or farmed out, under conditions to be studied and determined.

In the opinion of the undersigned, the project is feasible and practicable and may be proceeded with when the important economic and financial questions involved in such an undertaking, a few of which are outlined in the preceding paragraphs, have been satisfactorily dealt with.

Now, proceeding shortly to the report, which you have before you—

The CHAIRMAN: What is the date of the report?

Mr. MANN: The date of the report, Mr. Chairman, is the 11th January, 1928.

Further to the importance of the power project, I draw your attention to page 6 of the report of the Commons committee, after hearing the evidence for a month and a half. That is page 6 Roman numerals of the Fourth Report of the House of Commons Committee:—

(1) The Soulanges section of the St. Lawrence river is that portion thereof lying between Lake St. Francis and Lake St. Louis which are some $14\frac{1}{2}$ miles apart, and between which there is a fall of 83 feet. The average normal available flow of the river through this section is in the vicinity of 230,000 cubic feet per second for 50 per cent of the time, making possible a development of 2,000,000 horse power of commercial electric energy at 85 per cent load factor. The site is in close proximity to the City and Port of Montreal, and is conveniently located on what must soon be a waterway capable of accommodating ocean-going vessels. It has therefore great possibility for industrial development if cheap power is available.

"(2) It is apparent that the Soulanges section thus presents an opportunity for hydro-electric development almost if not quite unique on the face of the globe. It is one of the greatest national resources in Canada, and in its natural state of great potential value."

Now, I think that view was shared by one honourable member, and I may refer you, without reading, to the speech of the honourable member, Senator

McDougald, published in 1930 at page 45 of the Debates of the Senate, February 2, 1928, in which the honourable gentleman had the opportunity of reviewing the situation and of referring to it as one of the greatest water powers on the face of the earth. It may be quite easily said that the celebrated Muscle Shoals, and Boulder Dam power projects in the United States were children beside the possibilities of the Soulanges section of Beauharnois.

I will proceed as shortly as possible now to the circumstances leading up to the organization of the Beauharnois Light, Heat and Power Company and later the Beauharnois Power Company, and all of the circumstances that intervened right up to the date of the inquiry.

You have before you in the blue book—and you will be obliged to read and will read with care and interest—the history of Beauharnois, which is very shortly stated in the report. It began in 1796, and up to 1902 there does not appear to be anything except a general dealing with minor phases of the power problem and the possibility of the developing of that section. It was nothing more nor less than a small feeder to the St. Louis River, which was a grant to the original Seigneur de Beauharnois, and the feeder was built by him for the purpose of increasing the flow of the St. Louis River, a little river running from Lake St. Francis and running out near the village of Melocheville into Lake St. Louis. That was used by and leased to adjoining farmers from time to time for operating their grist and saw mills.

In 1902 a family named Robert had acquired all of the rights of the original grantees and they formed a corporation known as the Beauharnois Light, Heat and Power Company. There was some discussion as to what rights the Roberts had; but in any event what rights they did have they transferred to the Beauharnois Light, Heat and Power Company in 1902. There was litigation before the Exchequer Court, and in 1904 the Exchequer Court rendered its decision, indicating that while the Roberts did not have all the rights they thought they had, they had at least some rights in the power development in that section.

In 1909, as a compromise, a Privy Council order issued leasing to them for a period of 21 years the feeder which, in the meantime, had been enlarged.

The Canadian members of the enlarged Joint Engineering Board were Mr. D. W. McLachlan, Mr. Lefebvre, and Mr. Charles H. Mitchell, who are referred to throughout the evidence. They were appointed on 7th of May, 1924. The National Advisory Committee was appointed by P.C. 779 on the 7th May, 1924. On the 5th July, 1924, Mr. R. A. C. Henry, who is referred to at page XVIII, had in his mind the canalization of the water power of the Soulanges section on the north shore.

Hon. Mr. CANNON: On which shore?

Mr. MANN: I beg your pardon, on the south shore. Mr. Henry was an engineer who had a very substantial interest in water powers; that was one of his pet hobbies. In 1912 he joined the Department of Railways and Canals of Canada, and he remained with that department until 1923. It is perhaps important for the Committee to have this chronology, because Mr. Henry was examined at very great length as a witness. He went with that department first as an engineer in 1912, and in 1923 he went to the Canadian National Railways, remaining with them until the 14th February, 1929, when he became Deputy Minister of the Department of Railways and Canals.

On the 5th July, 1924, a company was formed, named the Sterling Industrial Corporation. That company was formed by Mr. Henry. It is fair to say that it was conceived by Mr. Henry and borne by him. Its birthright, to some extent, was helped by the Hon. Senator McDougald, who advanced Mr. Henry the sum of \$10,000. That company will be referred to later in the chronology of events. What Mr. Henry did with the \$10,000 is perfectly clear. He employed engineering skill, he paid engineers, he had reports made to him; and in any event, there was nothing improper in any shape or form in the advancing

of \$10,000 to Mr. Henry to further the hobby which he had. I have to state here that one of the incorporators of that company on the 5th July, 1924, was the Hon. Senator Haydon. I think his firm then was composed of the late H. B. McGiverin, Senator Haydon, and Mr. John P. Ebbs. Mr. Ebbs was also examined at great length in the inquiry. Only five shares of the company were ever issued. At page XVIII of the report you will see that the Committee refers to the fact that on the 5th July, 1924, an application was made by this company to the Department of Railways and Canals, for the right to divert from the St. Lawrence river 30,000 c.f.s. at lake St. Francis and to use the same for power purposes. On the 7th July, 1924, a similar application was made to the Department of Public Works.

Right Hon. Mr. GRAHAM: By the Sterling Company?

Mr. MANN: Yes, by the Sterling Industrial Corporation. The first one was on the 5th July, 1924, and the next was on the 7th July.

Right Hon. Mr. GRAHAM: Which shore were they dealing with, the south shore?

Mr. MANN: The south shore. Those applications have a very important bearing on the general circumstances, because when we get down to 1929 we shall see that they were considered by the honourable gentleman to whom I have referred and Mr. Henry to have been very effective measures looking to a prior right to a diversion of 30,000 c.f.s. of water from the St. Lawrence in the Soulanges section. On the 26th September, 1926, Mr. John P. Ebbs, of the then firm of McGiverin, Haydon & Ebbs, became President of the Sterling Industrial Corporation.

Hon. Mr. COPP: Who became President?

Mr. MANN: John P. Ebbs, on the 26th September, 1926. I am not sure if Mr. McGiverin was dead then, but in any event the firm is now Haydon & Ebbs.

Hon. Mr. COPP: You have referred to Mr. McGiverin several times as a Senator. By so doing, you may cause confusion.

Mr. MANN: I beg your pardon. Mr. McGiverin was head of the firm but I do not remember when he died. His name ceased to be in the firm name shortly after he died. The firm now is Haydon & Ebbs; I am using the term "honourable gentleman" so often that I may at times use it where it should not be used.

Hon. Mr. COPP: The only reason I interrupted you was because if you refer to the late Mr. McGiverin as a senator you may cause confusion by getting his name mixed up with that of someone else.

Mr. MANN: Yes, you are quite right, Senator Copp; I appreciate that. In 1926, or thereabouts, Mr. R. O. Sweezey comes into the picture. He was an engineer of unlimited scientific imagination with respect to power, apparently. He certainly was a man of indomitable courage and nerve. He says that after the report of the Joint Board of Engineers was made he had a discussion with an honourable member of the Senate with respect to that report, and it is only fair to say that all he did was to ask the honourable member for his views on the subject. What those views were do not appear. On the 3rd February, 1927, Mr. Sweezey procured from the heirs of the Robert family an option on the stock of the Beauharnois Light, Heat and Power Company. That is the family that I referred to a little while ago as having formed the Beauharnois Light, Heat and Power Company in 1902. If you will look at page VII of the report you will find a condensed statement, showing that Mr. Sweezey procured an option of all the issued capital stock of the Beauharnois Light, Heat and Power Com-

pany, all the shares in which were owned by W. H. Robert and other members of the Robert family, some 2,000 shares. At page VII, under the heading "The Robert Interests," in section (5) there is this:—

(5) W. H. Robert and the other Robert Heirs received for the 2,000 shares of the Beauharnois Light, Heat and Power Company and such other rights, if any, as were then outstanding in them

(1) Cash \$1,520,000.

(2) 200 fully paid part interests in the Beauharnois Power Syndicate.

(3) 21,000 Class A shares of the Beauharnois Power Corporation.

(4) 100 fully paid part interests in the Beauharnois Syndicate transferred from R. O. Sweezey account, which became 200 part interests in the Beauharnois Power Syndicate.

Now, I must say that the report there may be confusing, because it has anticipated itself away beyond 1927. What happened was this, that negotiations went on between Mr. Sweezey and the Roberts. The original proposition between Mr. Sweezey and the Roberts was not to give them this large sum in cash and these part interests and this stock, because at that time Mr. Sweezey had not in his mind projected or thought of or worked out the incorporation of the Beauharnois Power Corporation, which was a corporation that came into being only in 1929. Mr. Sweezey, of course, had an agreement with the Roberts, the details of which it may be necessary to reveal later. On the 3rd February, 1927, Mr. H. B. Griffith, who was also examined as a witness at the inquiry, became a Director of the Beauharnois Light, Heat and Power Company. Remember, Mr. Chairman, that as I said a moment ago, the Beauharnois Power Corporation had not been conceived at that time in any shape. In 1927 there was an application made to amend the charter of the Beauharnois Light, Heat and Power Company, and on the 17th March, 1927, it is important to note, an application was made for an Order in Council approving of a power canal from Lake St. Francis to Lake St. Louis "which can be readily adapted for 30 feet navigation requirements" and use of the necessary water not to interfere with navigation. Now, that application was not pressed in March 1927.

The CHAIRMAN: To whom was that application made?

Mr. MANN: It was filed on the 17th March, 1927, but it was not then pressed.

The CHAIRMAN: Filed where?

Mr. MANN: With the Department of Railways and Canals, asking for an Order in Council. The application is referred to on page VII of the Committee's report. In May 1927 Mr. Sweezey had got far enough along to determine that he would form the first syndicate, and here is really the beginning of all the important circumstances. He organized what he called the Beauharnois Syndicate, which was an unincorporated syndicate with by-laws which are of record in the Blue Book, and with agreements to be signed by members who joined the Syndicate. The whole details will be found on page XII of the report. That Syndicate which was organized on the 12th May, 1927, went out of existence on the 4th April, 1928. I shall speak of that date, the 4th April, 1928, in few moments when I come to the new syndicate, known as the Beauharnois Power Syndicate, or the second Syndicate.

Right Hon. Mr. GRAHAM: Was this one unincorporated?

Mr. MANN: Both of them were unincorporated. At page XII of the Committee's report there appear the names of the subscribers to the Syndicate organ-

ized in May 1927, but it must be borne in mind that those are not the persons who subscribed at the beginning; they are those who during the whole period in which the Syndicate was in existence became members of it and subscribed to the 5,000 units.

On the 13th June, 1927, Mr. Sweezy took complete command of the Beauharnois Light, Heat and Power Company, and he thereupon put in his new Board. On the 11th January, 1928, the National Advisory Committee rendered their report. On the 17th January, 1928, the Beauharnois Light, Heat and Power Company made an application to the Governor General in Council for approval under the Navigable Waters Protection Act, for the diversion of 40,000 c.f.s. It may be appropriate to refer here to Exhibit 1-A, which contains the famous Privy Council Order No. 422, passed on the 8th March, 1929. That application of the 17th January, 1928, was the application which, subject to changes and conditions made and imposed, became Privy Council Order No. 422, of the 8th March, 1929.

Hon. Mr. CANNON: You say the application became the Order in Council?

Mr. MANN: The application was the basis of the Order in Council of the 8th March, 1929.

Hon. Mr. CANNON: Or was the reason?

Mr. MANN: Well, I would say that it was something that brought into being the Order in Council, if you prefer that. Any language that you choose is perfectly satisfactory, I am sure, to me.

Right Hon. Mr. GRAHAM: The Order in Council was the answer.

Mr. MANN: The Order in Council was an answer. Exhibit 1-A, I may say, is merely a copy of the Votes and Proceedings of the House of Commons, in which is contained Privy Council Order No. 422. At page 5 it will be seen:—

That the Beauharnois Light, Heat and Power Company has asked for the approval of its proposed development and in connection therewith made application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second, and, pursuant to the provisions of section 7, chapter 140, Revised Statutes of Canada, 1927, the Navigable Waters Protection Act—the Company has applied for the approval of the plans and site of works proposed to be constructed in the St. Lawrence River with respect to the diversion of the flow of water mentioned above (Plans of the works consisting of 12 sheets and descriptions and plans of the site thereof, in booklet form, annexed); and so forth.

I have been reading from Privy Council Order No. 422, but this is stated in the Order as being part of the application of the company:—

Should the Company desire to enlarge its canal and increase the flow of water through it prior to the time at which the Government shall notify it to install the locks above referred to the Company shall have the right to enlarge its canal and divert through it and utilize for the development of power all the flow of the St. Lawrence River between Lake St. Francis and Lake St. Louis with the exception of water required for flotage through the existing Soulanges Canal and with the exception of that quantity of water to the user of which existing power plants are now legally entitled, if at the same time it either constructs the locks above referred to, or alternately, at the option of the Government; deposits with the Government suitable guarantees to ensure the installation of the locks when they are required.

That is the substance of the application that I have just referred to and which, as suggested by the right honourable senator, resulted in an answer, which is known as Privy Council Order No. 422.

That was in 1928. This matter, of course, was the subject of a great amount of public interest and discussion, as well as of debate in the Senate and the House of Commons. I would merely refer to the Debates of the Senate of the 2nd February, 1928, for an indication of the views of some honourable members named as to the great value of this project from the standpoint of power.

Now, to go back to the syndicates, on the 26th March, 1928, which was within eight or nine days prior to the time that the first syndicate was dissolved, you will find that Senator Raymond frankly admits having 800 part interests in that syndicate in the name of the *Crédit Général du Canada*. That was the financial organization used for the purpose of his enterprises. I am reminded by my friend Mr. Smith, that I should say, in fairness to Senator Raymond, that the *Crédit Général's* cheque had been put in a long time prior to that; it is stated in the evidence that the cheque was paid long before it appears he became a member of the syndicate, when the shares were given and the part interests were allotted to him. On the 4th April, 1928, there were allotments to Mr. Frank Jones and to Mr. L. Clare Moyer of 800 part interests in that syndicate. Mr. Frank Jones does not further appear, because in the course of a few months he sold out and took his money out, took whatever profit there was. Senator Raymond sold at the same time. These gentlemen do not appear further in respect of the second syndicate, except that Senator Raymond did buy 350 shares from one party and one share from another party, in the second syndicate, and he did own 351 part interests in the second syndicate. This syndicate we are concerned with now is the Beauharnois Power Syndicate.

On the 4th April, 1928, Mr. L. Clare Moyer, a lawyer, subscribed for and was allotted 800 shares of the first syndicate. That was the day that the first syndicate dissolved, and it is stated that these shares were purchased on behalf of the late Mr. W. B. Sifton. Those shares were purchased at \$37.50. Incidentally, the shares purchased by Senator Raymond were at \$37.50, and those purchased by Mr. Jones were at \$37.50. The other shares were purchased at from \$42 up to \$100 a share, the average price of the shares being some \$46.92, I think, including some 600 shares that were given to Mr. Sweezey for nothing. When I say "for nothing" I mean not for money but for engineering services and other work rendered and information supplied.

As a result of the dissolution of the first syndicate on the 4th April, 1928, the Beauharnois Power Syndicate was formed that day. All members in the old syndicate, the Beauharnois Syndicate, were given two part interests in the Beauharnois Power Syndicate for one in the old, as and from the 4th April, 1928. The result was that members who had subscribed in the old syndicate for 800 part interests immediately became vested with 1,600 part interests. And all other members were treated in the same proportion.

On the 18th May, 1928, one of the honourable members mentioned in the inquiry took over the interests stated by Mr. Moyer to have been for Mr. Sifton. This honourable gentleman has stated in public and in his evidence that he took over those interests on that date, though he has also stated in evidence that he did have chats about taking them over at a prior time.

Now, going on to the 23rd June, 1928, there was an emphyteutic lease. Hon. Senator Béique will be able to inform other honourable members of the Committee to the fullest extent what an emphyteutic lease is in French law. In the presence of Hon. Senator Béique and Mr. Aimé Geoffrion, I hesitate to give a definition of an emphyteutic lease. In any event, this one was for seventy-five years. It imports within its four corners not only a lease but the right in the soil, and it was granted on the understanding that the present negotiations

with the Federal Government should result in authority to divert 40,000 c.f.s. of the river St. Lawrence. Between the 4th April and the month of October, 1928, Mr. L. Clare Moyer subscribed to the second syndicate, the Beauharnois Power Syndicate, for 1,600 part interests. That would be the additional equivalent of the original 800 which he had in the first syndicate. All the members had that right to subscribe at \$100, and Mr. L. Clare Moyer did subscribe for another 1,600, undertaking an obligation of \$160,000, of which ten per cent was payable.

On the 28th of October, 1928, one of the honourable Senators mentioned in the inquiry took over by an agreement all of the Moyer interests—that is to say, he took over 3,200 part interests in the syndicate, which Moyer states in his evidence had been subscribed for on behalf of Mr. Sifton. In any event, the honourable Senator stated in his evidence, and before the Senate, that in October, 1928, he did take these over—and there is no doubt about that—in the form of a transfer direct to him of these part interests, which later on became cash and stock in the Beauharnois Power Company. The honourable gentleman said that on the 18th of May he had paid Mr. Sifton for the shares. The method of payment, I think, was said to be in bonds through Mr. C. A. Barnard, if I remember correctly. They were taken over on the 18th of May, and formally and documentarily taken over in October.

The Sterling Industrial Corporation, the creature of Mr. Henry comes into the picture in December, 1928. You will note that all this time the application of the Beauharnois Light, Heat and Power Company was before the Government and met with more or less varying success. It is my duty to invite your attention to Exhibit No. 75, an agreement between the Beauharnois Power Corporation of the one part and John P. Ebbs of the other part, and one Lyla Brennan, of the city of Ottawa, stenographer in Hon. Senator Haydon's office, of the other part. That is a trust agreement whereby the 2,000 part interests in the Beauharnois Power Syndicate which had been issued for the shares of Sterling Industrial Corporation in October, 1928, were to be acquired by the Beauharnois Power Corporation. These five shares were to be handed over to Miss Brennan to be held by her, as trustee, and the consideration for the purchase of these five shares, that had been issued and lain dormant was 2,000 part interests of Beauharnois Power Syndicate. That agreement was made upon the condition that Beauharnois Light, Heat and Power Company's application before the Governor in Council was approved. The condition is:—

If the said application of the said Beauharnois Light, Heat and Power Company for the approval of its plan and site be not granted by the Dominion Government on or before the 28th day of February, 1929, then the trustee shall return to the said Ebbs and/or his nominees the share certificates of the Sterling Industrial Corporation Limited and the said Marquette Investment Corporation—

that was a Trustee Corporation formed by Sweezey for the purpose of dealing in securities and finances of the Beauharnois Power Company.

—shall be no longer entitled to issue the said 2,000 part interests or any part thereof or certificates in virtue of this agreement and of the said resolution.

The sale was subject to the passing of the application of the Beauharnois Light, Heat and Power Company.

Now, just prior to the 8th of March, 1929, there was an invitation issued to all the interests who chose to discuss the application of the Beauharnois Light, Heat and Power Company, and you will find in Exhibit 1-A that at that meeting Mr. Aimé Geoffrion, K.C., who was acting as counsel for the Beauharnois Light, Heat and Power Company, in view of the protests put forth

by a number of companies such as the Canada Steamships, the Canadian Light, Heat and Power, and others, agreed to a very immediate and complete modification of the application of the Company, and he said *viva voce* at the meeting that:

The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the Company between these two points; and any condition that the Government may exact, in any wording satisfactory to the Government, involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration, the Company will submit to any such alteration.

On the 14th of February, 1929, Mr. R. A. C. Henry was appointed Deputy Minister of Railways and Canals, and on 8th of March, 1929, the famous Order in Council, No. 422, which is Exhibit 2-A, and is contained in Exhibit 1-A, was passed.

On the 25th of June, 1929, resulting from P.C. Order 422, an agreement was executed between the Department of Public Works and the Beauharnois Light, Heat and Power Company. This was followed by the filing of modified plans on the 23rd of July, and a further application on the 29th of July, 1929, for the acquisition of 9,064 feet of Hungry Bay Dyke. Hungry Bay Dyke, I may say, was merely a dyke built by the Dominion Government following the completion of the Beauharnois Canal. The Beauharnois Canal was built in 1845, and later on there was an enlargement of the feeder, and there were hydraulic works which resulted in a certain amount of flooding, and so forth, and a dyke was built along the foreshore. The part of this map (Exhibit 18) which is closest to me is Lake St. Francis. The river runs off to the north of Grand Isle, which is between the north shore and the town of Valleyfield. This dyke was built following what would be the west shore of the Soulange section, and is shown by a line on the exhibit I now show you.

The application of the 29th of July was an application to acquire in the vicinity of a mile and three-quarters of the Hungry Bay Dyke. This is all prior to the Beauharnois Corporation coming into being. Then follows the 7th of August, 1929. It appears from the evidence, and I say it in general terms, that while plans were to have been produced and complete plans approved, they were not produced or approved in conformity with the requirements of the respective orders. This is merely stated generally in the report, and I state it generally here, if it ever becomes necessary during this inquiry to discuss the engineering problems. But the plans were not approved, and on the 7th of August this gigantic power project was proceeding without definite approval of the plans on which it was being built.

On the 17th of September, 1929, the Beauharnois Power Company was incorporated in the office of McGiverin, Haydon and Ebbs. There flowed from that company some subsidiary companies known as the Beauharnois Construction Company, the Beauharnois Transmission Company, the Beauharnois Land Company, the Beauharnois Railway Company, and the Marquette Construction Company, which was a Delaware company formed for the purpose of taking over and leasing United States machinery. Those were the children of the Beauharnois Power Company.

On the 31st of October, 1929, there was an agreement entered into between the Beauharnois Power Syndicate, the Marquette Investment Corporation and the Beauharnois Power Corporation, which is the organization of the Beau-

harnois Power Company. That is Exhibit No. 55. By that Exhibit, and by the transaction which took place in the office of the firm of McGiverin, Haydon and Ebbs, the Beauharnois Power Syndicate purported to sell to the Beauharnois Power Corporation all the right, title and interest which it, the Beauharnois Power Syndicate, had acquired through the series of events to which I have drawn your attention during the last hour and a half, for \$4,750,000 in cash, to be paid to the Beauharnois Syndicate, \$10,000 to be used for the purpose of liquidating and winding up the Beauharnois Power Syndicate and taking care of the liabilities. The members of the syndicate were also given the power to subscribe to Class A shares of the Beauharnois Power Corporation to the extent of one million at the price of \$1 per share. The same day an agreement was entered into between the Beauharnois Power Company and Newman, Sweezey and Company, of which Mr. Sweezey was the principal operator, under which there was an undertaking to purchase from the Beauharnois Power Corporation \$30,000,000 of bonds at ninety, or \$27,000,000 (six per cent bonds), the price being \$30,000,000 of bonds and 770,000 shares of Class A stock.

On the 5th of December, 1929, there was an Order in Council passed in Quebec authorizing the transfer and assignment of certain waterpower leases at Beauharnois which had been vested in cotton companies, and those were assigned to the Beauharnois Power Corporation with the net result that the Beauharnois Light, Heat and Power Company, of which all the stock was owned by the Beauharnois Power Company—all the assets had been transferred by the Beauharnois Power Syndicate—had then vested in it the right of diversion of 53,072 cubic second feet of the St. Lawrence river of a total estimated flow of 230,000 cubic second feet.

On the 17th of December, 1929, the Beauharnois Power Syndicate—that is the second syndicate—was dissolved—you will find this at page 13 of the report—then there necessarily became vested in Mr. John P. Ebbs, on behalf of the honourable gentleman, 5,200 part shares of the 25,000 in that syndicate, with the result, of course, that the syndicate had received the \$4,750,000, divided rateably among them. The result was that the syndicate got \$150 cash and forty shares of the Class A stock of the Beauharnois Power Corporation for each part interest of the Beauharnois Power Syndicate.

Now, Mr. Chairman, I have not thought fit to go further in a chronological way. I have brought you up to 1930, and it does not seem necessary to go further than that at the moment.

The matters that you have to deal with have reference to the Hon. Andrew Haydon, Hon. Wilfrid Laurier McDougald and Hon. Donat Raymond. Senator Haydon was called to the Senate on the 11th of March, 1924. He is a barrister of reputation, a graduate of Queen's University, and a trustee of Queen's University. Hon. Wilfrid Laurier McDougald was called to the Senate on the 25th of June, 1926. He was twice chairman of the Montreal Board of Harbour Commissioners, being first appointed in January, 1922, and the second time in October, 1926. He is a graduate of McGill University. The Hon. Donat Raymond, who was summoned to the Senate on the 22nd of November, 1926, is well known in financial circles in Montreal. They are all men of standing, education, and of great financial responsibility and wealth.

These gentlemen, sir, do not stand charged before this Committee; they stand named in a report of the Committee of the House of Commons which this committee has thought fit to act upon. They do not stand impeached before this committee in any way. They are here for the purpose of an inquiry into matters which have been mentioned and with which their names have been connected throughout the evidence given before the House of Commons committee. It is fair to say that these men did to some extent answer the suggestions made against them. Senator Haydon was not able to appear before

the committee, a certificate of the doctor—I think it was Dr. Argue—stating that he was not able to appear. Senator Raymond did appear. His evidence appears at pages 787 and 796, and I merely invite your attention to that evidence. Senator McDougald also appeared before the Commons committee. His evidence is very extensive and your attention is invited to that evidence also. I may say, sir, that Hon. Senator McDougald also defended himself in speeches that he made before the Senate on the 19th of April, 1928, the 30th of May, 1931, and the 16th of July, 1931. If you care for the references I can give them to you—the first one, the 19th of April, is page 236 of the Senate Debates of 1928; that of the 30th of May of 1931 is to be found at page 129 and following of the Debates of the Senate of that year, and the honourable gentleman's speech of the 16th of July will be found at page 434 and following. I shall not refer to these speeches in any way now.

I think it is for you gentlemen to consider that this is not a trial of individuals; this is a matter for consideration as to whether the dignity and privileges of the Senate have been assailed, if any of its members have been guilty of any offences, whether any of them has been guilty of breaches of trust, guilty of corruption, guilty of breaches of duty as senators, or men occupying public office, of conduct unbecoming the character of a gentleman, or subordinating their duties as public men to their personal interests. I suggest, sir, that it is the Committee's desire, and the obligation that it has assumed towards these honourable gentlemen, the Senate itself, and the people of Canada, that this inquiry should be as searching and rigorous as it is possible to make it, and that every opportunity should be given to these gentlemen to have any witnesses they want examined in the most searching and exhaustive way. They may have every benefit of cross examination of any witness you think fit to call, so that in every respect this question which has been a stain on the character of the honourable gentlemen and upon the dignity and honour of the Senate, may be probed to the bottom. Everything must be done to obtain justice and truth in order that the Committee may fulfil its duty to the people of Canada and to the Honourable House of which they are members.

The Committee adjourned until 3.30 p.m.

The Committee resumed at 3.30 p.m.

All the members of the Committee being present.

The CHAIRMAN: Now, gentlemen, what will be our next step?

Mr. MANN: Mr. Chairman, the preliminaries of this inquiry have occupied very much less time than we thought they would. Under the circumstances, there had been some witnesses summoned, but rather than have them stay around here and do nothing, they have been asked to come to-morrow morning. I am informed that there is one witness here who was asked to attend. If he wants to give his evidence he may do so, but under the reserve of his returning at a later date for cross-examination. If it is the desire of the Committee that he should be heard we see no objection to hearing Mr. Aimé Geoffrion, and of course we must be just to the Committee, with the reserve that he return for cross-examination at a later date.

Hon. Mr. BÉRIQUE: Possibly you might wait until you have heard his evidence.

Mr. GEOFFRION: I have no objection whatever to come back if I am needed for cross-examination. I will try so that there will be no need of it, but if there is any need I will come.

Mr. MANN: We have no objection to the examination of Mr. Geoffrion proceeding.

Hon. Mr. McMEANS: Who is calling him?

Hon. Mr. BÉIQUE: He is called by the Committee. It was stated the other day that Mr. Geoffrion would be examined.

The CHAIRMAN: He is called at the instance of Senator Béique. Have any of you gentlemen any objection?

Hon. Mr. BÉIQUE: With the consent of Senator Raymond.

Mr. MANN: We are informed by Senator Raymond that he is calling Mr. Geoffrion.

Hon. Mr. McMEANS: He is a witness on behalf of Senator Raymond?

Mr. MANN: Yes, so I understand.

Mr. VIEN: I think that it is at the request of honourable Mr. Béique, one of the members of the Committee, that Mr. Geoffrion was brought here to-day. That is the situation as I understand it.

Hon. Mr. BÉIQUE: At my request he was summoned to be examined to-day.

Mr. VIEN: That is my understanding.

AIMÉ GEOFFRION, K.C., Montreal, Quebec, appeared as a witness, and, having been duly sworn, testified as follows:—

The CHAIRMAN: Is there anybody to examine him, or is he to make a statement?

The WITNESS: Oh, I have no statement to make. I will be questioned.

By Hon. Mr. Béique:

Q. You have been acting for Senator Raymond, I think, or your firm, and there are some charges made against him?—A. No, Mr. Béique, the charges you are probably referring to—the case you discussed with me some time ago—were charges in an account, in a bill for services to the Beauharnois, Light, Heat and Power Company, in which the name of Mr. Raymond appeared, connected with either telephones or interviews.

Q. Have you a copy of the Bill?—A. I have an extract from the bill.

By the Chairman:

Q. You appeared before the House of Commons Committee?—A. No. You will find, I think, in the report of the Committee a suggestion that Mr. Raymond's name appeared in connection with telephones and interviews with me in my bill against the Beauharnois Light, Heat and Power Company; and the suggestion, or insinuation, or inference was made that he had taken a very active part in that affair, either by his influence or otherwise; and I was asked to come here to say what I could say in connection with those charges. Now, if you want me to make a statement I have no objection.

The CHAIRMAN: Yes.

The WITNESS: Mr. Raymond was, as was stated, personally interested for a time as a member of the syndicate that held the shares of the Beauharnois Light, Heat and Power Company, and he was largely interested in that. He was therefore one of my clients. Now, my work down to August, 1928, was entirely devoted to the Quebec end of this thing. I do not suppose you are concerned with that part of it. If you are not concerned with that part of it, as I will assume, then I will take the part of my bill for what I may call my activities in Ottawa. That begins in August, 1928, as far as I can tell, it is in August, 1928, that I was first asked to take an interest in the Ottawa end of the affair. The application at Ottawa had been made long before. Some other people concerned with the company had been attending to the Ottawa end, but as far as I can judge from my bill, I was called in to take a hand in the Ottawa end of the affair only in August, 1928.

By Mr. Mann:

Q. Excuse me, Mr. Geoffrion, if you will look at Exhibit 114 that is not the bill we are discussing now; that is the one previous to that; that seems to end in July, 1928; that starts in 1927?—A. I have two bills.

Q. If you are referring to some other bill would you mind letting us know? —A. You see, the lease was signed in May, 1928, in Quebec. That bill refers to Quebec. Of course I will discuss that end of it if you like. That bill is exclusively occupied with services rendered in Quebec.

The CHAIRMAN: Is there a number on that?

Mr. MANN: 114.

Hon. Mr. McMEANS: Services rendered to the company?

The WITNESS: Yes.

By Mr. Mann:

Q. And paid by the company. This apparently is referred to as your bill. This is the only one I am able to discover in the record?—A. There is another, because that covers my services before the Quebec Legislature and the Quebec Government.

Q. Was that put in before the Committee in the House?—A. I do not know; I was in Europe, and I don't know what happened. All I can tell you is that I know from my books that I have one bill for services for Quebec Legislation and before the Quebec Government in connection with getting the Order in Council and the lease. Then there is another that deals with subsequent matters, and that includes my activities in Ottawa that began, as I say, apparently in August, 1928.

Hon. Mr. COPP: Is there such a bill as that filed as an exhibit?

Mr. MANN: I do not find any but that bill 114.

By Mr. Mann:

Q. You are talking of something of which we have no written information, unless you care to file it?—A. I do not object to file it.

Mr. SMITH: That is not before the committee.

The WITNESS: The bill is exclusively devoted to services in Quebec. I do not think you are concerned in that.

By Hon. Mr Béique:

Q. Just state the purpose.—A. In Quebec I had two things to do. I first had to get the old charter of the Beauharnois Light, Heat and Power Company amended in a very trifling respect. Engineering had revealed that the place where the intake from Lake St. Francis had been located by the old Statute was not feasible as an engineering proposition. It had to be moved some hundreds or thousands of feet north or south, I don't remember. The same thing applied to the outlet. So I needed legislation to move the intake and the outlet to make it feasible engineeringly. I am not revealing a secret by saying that when I came to ask that rather harmless bill I was met with tremendous opposition by the competing power companies. Naturally they knew perfectly well that the engineering scheme as contained in the charter originally was not feasible, and that it would become feasible with the modifications. The first year I went down in respect to that I was met with tremendous opposition. I had not approached the Government as to the scheme itself, and they knew nothing about it. Therefore I thought the best way was to withdraw my bill. Then the next Session, when I approached the Legislature with my bill, the Government knew that my people were serious and that the scheme was feasible, and there was a tremendous amount of electric power to be developed there.

I convinced the Government that it would be a good thing, and my bill was presented the second year and passed in spite of the opposition. Then I discussed with them the terms of the Order in Council—which Order in Council, apparently, was acceptable to my clients—but it imposed the hardest conditions that any government in Quebec had till then imposed on any company. After discussion with my clients they accepted that as it was, and that was the end of Quebec. But it has been suggested that those consultations with Mr. Raymond at that time indicated that he was using influence. He was not using influence at all; he was interested financially from a certain date, and from that date I would see him occasionally, not often, as shown in the account, and I would give him information, get instructions from him, and I would gather those people together and ask them whether such and such a condition was acceptable.

By the Chairman:

Q. Who were you acting for?—A. The company.

Q. The Beauharnois Syndicate?—A. The Beauharnois Syndicate—I beg your pardon.

By Mr Mann:

Q. The company had not come into existence?—A. No; I was acting for the Beauharnois Light, Heat and Power Company, whose shares were entirely owned by the syndicate; so that the members of the syndicate were, in a practical sense, my clients. Now, they came to see me sometimes, to see what was done, or to know what was to be done, or to discuss whether such and such a condition would be acceptable.

Q. The syndicate held the bag?—A. Oh, yes, the syndicate had the money. When it came to the Ottawa end—

By Hon. Mr. Chapais:

Q. That was in 1927?—A. That was in 1927.

Q. You came twice. You became interested in 1927 and 1928?—A. In 1927 I discovered my plan was not matured, the Government knew nothing of it, and I withdrew my bill.

Q. Had the companies here fought you very hard?—A. I saw when I went first that I would not be able to get through, but the second time I went through with sailing colours. In Ottawa my troubles were entirely legal, not engineering. The theory I held, and I still hold—and I think it is clearly a sound theory—is that the water power belonged to the province, so we had asked for a grant from the province. We now came to the Dominion only for approval or disapproval under the Navigable Waters Protection Act. If we were right on that question, all the Dominion Government had to do was to get its engineers to report on the subject. If the engineers reported favourably, namely, that this was not an interference with navigation, they were bound to give us their approval. The decision is a judicial one. If they thought it was an interference they were bound to say no. That was a matter for the engineers almost entirely. I did not need to consult Mr. Raymond, because as an engineer I do not think he is of any use.

By Hon. Mr. McMeans:

Q. It depends on what kind of an engineer?—A. I have my engineers, and they were fighting it out with the Government engineers, but there arose a second point. That was that these waters belonged to the Dominion. I first tried to convince the Department of Justice that that was not right. I was anxious not to take any reference to the Supreme Court, because I was in a hurry, and that reference might have gone to the Privy Council, and that takes long. So I sug-

gested to the Government that they should put in the Order in Council a clause stating that this was only an approval under the Navigable Waters Protection Act, and that if it turned out that the Dominion was the owner of the waters then the matter would be reopened. That did not succeed at that time. They insisted on a reference to the Supreme Court. At last we got a judgment which was considered a victory for the province. The Dominion did not appeal, and then they came to my suggestion and agreed to give me an Order in Council which would contain a clause that if the Dominion Government had rights, then we would have to make a new deal. I then started discussing with them about the terms of that Order in Council. Mr. Raymond could not be of any help to me. I did not need any influence. It was purely a question of law, negotiations and terms. I think there are eight interviews altogether that I find during the seven months, with Mr. Raymond. They are all of the same character. Apparently I wanted information from him or he wanted an interview with me; but I never had any need of his influence, because the field in which I worked anyway—I am not speaking of the field in which others work—had nothing to do with influence. It was all connected with legislation, or discussing the terms of the contract.

By Mr. Vien:

Q. Mr. Geoffrion, would you take this Exhibit 114 and look at certain entries on the first page of it, where Senator Raymond's name is mentioned once or twice?—A. On the first page?

Q. Yes, on the first page.—A. I have an extract here prepared by my employees showing where Senator Raymond's name appears. September 10th there is an interview with Mr. Raymond. September 14th—

By Hon. Mr. Cannon:

Q. What Year?—A. 1927. And September 19th, and then nothing until December.

By Mr. Vien:

Q. In all these interviews did you, in any way, request or seek the Senator's influence?—A. I was discussing, undoubtedly, Beauharnois, but I certainly did not ask him for his influence because I did not need it. The field in which I was working did not require it.

Q. And is that true of all the interviews mentioned in this bill?—A. Necessarily.

Q. So far as Senator Raymond is concerned?—A. That is what I am trying to say. All my activities were activities of a class that did not require any influence whatever.

Mr. VIEN: That is all, thanks.

Mr. MANN: Is that all?

By Mr. Robertson:

Q. Mr. Geoffrion, would it be correct to say that from August 1928, you were in charge of the application for the granting of the Order-in-Council approving the application?—A. I was certainly attending to it. Whether I was alone as a lawyer or not I am doubtful; but I certainly was attending from time to time from August 1928 till March.

Q. And do you recall Colonel Thompson acting under instructions from the Dominion Securities Corporation?—A. There were quite a few of them. I was one of the lawyers.

Q. It was a legal matter?—A. As far as I am concerned it was nothing but a legal matter.

By Hon. Mr. Cannon:

Q. Mr. Geoffrion, you stated to the Committee that that bill, which was filed as Exhibit 110, covers work done by you in connection with activities in Quebec.

Mr. MANN: Exhibit 114, Mr. Cannon.

Hon. Mr. CANNON: Exhibit 114.

The WITNESS: I will explain that first. If Mr. Mann prefers to cross-examine me he will find that once during that period I went to Ottawa. I think I remember why it was, certainly in connection with Quebec, because at that time I had neither the lease nor the Order-in-Council nor even a Bill, and I believe it was because the people at Quebec had suggested and the government had acquiesced in the idea that it might be better for me to get my approval from Ottawa first. I suppose each government likes to pass the buck to the other government. At all events my experience is they do. I was told I had to go to Ottawa first. Generally, we are obliged to get our grant from the province and then come to Ottawa for the approval. However, I came here and saw the engineers of the department, and was given no encouragement in that direction. That is the only attendance in Ottawa at that time. Except for that it is all in connection with Quebec.

By Hon. Mr. Cannon:

Q. When evidence was being taken last year before the House of Commons Committee reference was made to certain items in your bill wherein Senator McDougald's name is mentioned?—A. The same remarks would apply.

Q. If you will look at your account, I think that the dates are December the 10th, December the 17th, 1927, and January the 9th?—A. December the 10th?

Q. December the 10th, yes.—A. No McDougald entry on December the 10th.

Q. I see, a week later, on the 17th December "Interview with Senator McDougald".—A. Yes.

Q. Would you state to the committee, Mr. Geoffrion, if you recollect after this interval of several years, what could have been the reason for these interviews?—A. I cannot do that. I can only give the general character, and surmise from my memory of the particular lines of the case what was the general character of the interview with these people. I cannot do more than that.

Q. At that time Senator McDougald was chairman of the Harbour Board of Montreal, was he not?—A. I have no doubt he was.

Q. And you were counsel for the Harbour Board?—A. Yes.

Q. Was the Harbour Board connected in some way or other with power projects at that time generally?—A. I tell you, Mr. Cannon, I am trying to think. I think it is extremely unlikely that I would have charged to the Beauharnois Light, Heat & Power Company services rendered to the Montreal Harbour Board. I may have tried to see Mr. McDougald as chairman of the Montreal Harbour Board with the possible object of ascertaining what his attitude was. That is a possibility; but as to the suggestion that I would charge that to the Montreal Harbour Board—

Q. I have not suggested it.—A. It may have been done by mistake; but it is not likely.

Q. I never suggested that, that you have charged to the Beauharnois work that should have been charged to the Montreal Harbour Board. What I was suggesting is that you might have had an interview with Senator McDougald as chairman of the Board.—A. That is possible, because I know there was quite an agitation in Quebec. The Canada Steamships, among others, were fighting us. It had been suggested that the levels of the water in the harbour might be affected, and I might have telephoned on that account to Senator McDougald, but I don't know.

Mr. MANN: I think you have expressed your willingness to send us that other account. You might send it on so that it can be filed as Exhibit 131 before this committee. Under the reservation which has been acceded to, I do not think I have anything further to ask. Have you, Mr. Smith?

Mr. SMITH: Not now.

Mr. MANN: Thank you, Mr. Geoffrion.

Mr. VIEN: Mr. Chairman, if I am in order I would like to ask leave for the Honourable Senator Raymond to make a very brief statement of fact arising out of some comments contained in the Fourth Report of the Committee of the House of Commons which has been tabled this morning. It will take a very few minutes and I think it will facilitate your work if the Senator is allowed to make a statement now. If it is in order he is willing to do it now.

Mr. MANN: Mr. Chairman, with the express views of this committee, and as the matter has been determined this morning—and I know the committee do not want in any way to make it difficult for Senator Raymond or for anybody else—we have decided to proceed in a chronological manner. But if Senator Raymond feels that there is an injustice being done in refusing him permission to make a statement, as far as counsel is concerned I may say to the committee that we have no objection to hearing him, under the same reservation that he return at a later time.

Mr. VIEN: It will be clearly understood that Senator Raymond will always be at the disposal of the committee and of counsel when required on notice, to be examined or re-examined, or cross-examined.

Mr. SMITH: Mr. Geoffrion was heard more to convenience him as he has an important engagement. If Senator Raymond is going to be here—as his counsel says—right along, I can see no reason for interjecting at this time. However, as we say, we are entirely in the committee's hands.

Hon. Mr. BÉRIQUE: I do not see any objection. It is not a long statement.

Mr. VIEN: It is very short.

The CHAIRMAN: As far as I see the matter, I understood that we were going on, that the gentlemen who are acting as counsel for us were going to call witnesses. I think it would be more in order to have them call their witnesses and complete their case and then let Senator Raymond come in with any answer that he has, and any of the other gentlemen.

Mr. MANN: That would be the logical thing to do.

Mr. VIEN: I realize, Mr. Chairman, that that might be the logical sequence of the proceedings in a court of justice. The report of the Committee of the House of Commons has been tabled before your honourable committee this morning, and arising out of the report there are a couple of inaccuracies that the Senator thinks should be corrected right now, and we believe that with those corrections it will help counsel in the conduct of the inquiry and help the committee in the discharge of its duties. I do not believe it will disturb the order set by counsel. It will help them instead.

The CHAIRMAN: Yes, but Mr. Vien, it is not fair for us, having taken on counsel, to dictate to them in a matter of evidence. You would not like it if you were the counsel.

Mr. VIEN: If it were a court of justice it would be a different matter; but the learned counsel has been very careful this morning to state clearly that there was nobody accused at the bar. So far as we have proceeded, and we are to proceed for some time at least, it is only fact finding, and in respect of the finding of facts I think it will be helpful if you can spare a very few minutes—three or four or five minutes at the most—to hear Senator Raymond.

Mr. ROBERTSON: Mr. Chairman, may I bring up another matter that comes up directly with this. Senator Haydon had it in mind that he would be here and make a statement somewhat perhaps of the character that my friend has referred to, not as evidence but rather having this in mind, that it might be well at the beginning of the matter—and before the evidence is given—to supplement the opening statement of counsel for the committee by a statement of the position of the person who, it is suggested has something to explain. Not so much by way of giving evidence. It is not evidence at all; but rather for the purpose of showing what the issues are and letting the committee see what it is they have to determine. Now, I have not a statement. Senator Haydon is not able to be here to-day. I had thought that if such a statement was to be admitted that he might have it for me for to-morrow morning. It is much to be regretted he cannot make it himself because it would be his statement and not mine, and having that in mind I thought I would call it to the attention of the committee at this time.

Mr. MANN: I understood, Mr. Chairman, that Mr. Vien's suggestion was that Senator Raymond wanted to make a statement to correct some inaccuracies. The ambit of the expression "correct some inaccuracies" may be quite great. We did a moment ago, however, state that if Senator Raymond felt that any injustice was being done we did not object to his making a statement to correct inaccuracies. But I do not think that the procedure of the committee should be upset by making a statement in correction of inaccuracies. Strictly speaking, as my friend Mr. Cannon says, it is not a court of law. At the same time, we have been at some pains to create a chronological sequence whereby we can proceed, and if matters of this kind are going to be interjected it is going to disrupt the procedure very materially. A statement of correction of inaccuracies may be made, and we have no objection to it, but not a precedent to make a statement prior to the examination of witnesses.

Hon. Mr. COPP: As I understand it, Senator Raymond is asking to be permitted to make this statement because of the fact that this report comes to us from the committee of the House of Commons. As I gathered from Mr. Vien, there was some misunderstanding in regard to that report, and now it becomes a part of our case here. It rather seems to me that if the Senator wants to make a statement in reference to something that he thinks has been brought here inadvertently or in error, he should have the privilege to correct it now if he wants to.

Hon. Mr. ROBINSON: Do not all senators have that privilege of addressing us, anyway? It is a privilege that a senator has before any committee of the House.

Hon. Mr. McMEANS: I would just like to ask, you would not be at all injured if you were not permitted to make your statement until the proper time came. While it does not make very much difference whether you put it in now or then, yet at the same time if it is going to disturb the order in which counsel for the committee are going to put in their case then I think it had better be left until the proper time comes. If no injustice is going to be done then I would suggest that counsel proceed to put in their case in the manner they have decided on. However, if you think any injustice is going to be done to you I would say put in your statement; but if it is a mere matter of convenience to you I do not see that your convenience should disturb the chronological order.

Mr. VIEN: We believe there would be a prejudice suffered if the committee were to carry on under what we consider must have been a wrong impression from the wording of the report of the committee. We would like now to make a short statement to correct the wrong impression which may be gathered from the reading of the report from the committee as you have it now before you.

It is not evidence. It is a desire to correct what may lead to the making of a wrong impression during the course of your inquiry and, that being so, there might be an injury if we have to wait until the evidence is called in its proper order. We, therefore, suggest that you would be, in our opinion, further advanced in the discharge of your duty if you permitted the Senator to make such a statement.

The CHAIRMAN: Is that a statement under oath or just a statement?

Mr. VIEN: Under oath, if you desire, or on his honour as a Senator if you prefer. The Senator is willing to make his statement under oath.

The CHAIRMAN: Well, Mr. Vien, we have no other business this afternoon, and you will be no worse off to-morrow morning when we meet at eleven o'clock. I think in the meantime the committee will consider the point. That would be my view, and if they decide to let you go on then Senator Raymond can go on to-morrow morning.

Mr. VIEN: Well, we are in the hands of the committee so far as that is concerned; but it might expedite the work of the committee if he were allowed to make his statement now. As I say, however, we are in the hands of the committee.

The CHAIRMAN: As I say, we have no other evidence this afternoon.

Mr. SMITH: Mr. Chairman, before you arise may I say something with respect to witnesses? Senator Graham spoke this morning of certain witnesses having been subpoenaed. As to that he is quite correct. Mr. Swezey, Mr. Griffith, Mr. Christie, Mr. Moyer, and one other witness have been asked to attend here to-morrow morning. To-morrow morning was chosen for a number of reasons. One was, as Mr. Mann said, he thought his statement would occupy all of the first day and we were anxious not to inconvenience those gentlemen by having them wait here, and secondly, having in mind something of what Senator Graham suggested, because we were anxious indeed to know if the committee themselves, or any member of it, have any persons in mind whom they think, from their knowledge of the matter, should be here. We would be very glad indeed if the committee will endeavour to put those names before us so that we may facilitate their coming here at the earliest possible moment. But we felt we had to get somewhere, and those persons largely having to do with one ground were, therefore, summoned for Thursday morning. No others have been summoned as yet.

Right Hon. Mr. GRAHAM: To be quite frank, Mr. Chairman, I think that the committee—I do not like to call it a court—but if there be a court the committee is the court and has control of who is being asked to attend and what is being done here. They are responsible for every witness that is called, and as I had been told that several witnesses had been subpoenaed without the consent or knowledge of the committee I thought I was perfectly right in suggesting that the authority to have witnesses subpoenaed was in the committee and not in counsel. I believe I am correct, and that is the reason I thought we were going the wrong end to, if you might use that expression, if someone was summoning witnesses without the consent or approval of the committee.

Hon. Mr. COPP: In other words, we are being asked to assist counsel instead of counsel assisting us.

Mr. MANN: Senator Graham and Senator Copp are under an entire misapprehension. The names of witnesses that might be required to attend and that should be examined were submitted to the chairman of this committee and not certainly to every individual member of it, and upon that, instructions were given to the clerk to ask those gentlemen to attend. We would prefer

not to have it suggested that counsel took any initiative to call witnesses without any consent of the committee. We did not go to the Right Hon. Senator Graham and tell him; but we did go to the chairman.

Right Hon. Mr. GRAHAM: You did not go to the committee. I am perfectly amenable to what the chairman does and stay by what he does. I believe I would be quite safe in that; but I do think, as a matter of fact, that the authority rests in the committee and that the committee ought to be consulted and act through their chairman.

Hon. Mr. McMEANS: I am sorry to disagree with you. We are sitting here as a committee, or a judicial body. Our duty is to hear witnesses that are produced before us.

Hon. Mr. ROBINSON: Who are counsel representing?

Hon. Mr. McMEANS: They are representing the people, the Attorney General.

Hon. Mr. ROBINSON: They do not represent the committee.

Hon. Mr. McMEANS: Yes. And they represent the people. They represent the Department of Justice.

Hon. Mr. ROBINSON: They represent everybody then.

Hon. Mr. McMEANS: I do not see how in the world you can ask them to hunt up witnesses and say that one man shall be called and another shall not.

The CHAIRMAN: Many are called but few are chosen.

Right Hon. Mr. GRAHAM: It is no trouble to convince the committee if a witness ought to be called.

The CHAIRMAN: The committee will stand adjourned until 11 o'clock to-morrow morning.

MINUTES OF EVIDENCE

OTTAWA, THURSDAY, March 3, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at eleven o'clock in the forenoon.

Present: The Honourable Senators Tanner (Chairman), Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans, and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, counsel for the Committee.

The Honourable Lucien Cannon, P.C., K.C., Quebec City, Quebec, Mr. John W. Cook, K.C., Montreal, Quebec; and Mr. Hugh E. O'Donnell, Montreal, Quebec, counsel for the Honourable Senator W. L. McDougald.

Mr. R. S. Robertson, K.C., Toronto, Ontario, counsel for the Honourable Senator Andrew Haydon.

Mr. Thomas Vien, K.C., Montreal, Quebec, counsel for the Honourable Senator Donat Raymond.

The CHAIRMAN: Gentlemen, I understand that the counsel for the Committee have some witnesses here this morning. Yesterday afternoon I understood that Senator Raymond desired to make a very brief statement of some kind. I am sure the Committee have no desire whatever to prevent any member of the Senate who may possibly be involved in this from making a statement, although we—some of us, at any rate—would prefer to have the work of the counsel go on in a consecutive way. As far as I am concerned, I would say now that if Senator Raymond wants to rise in his place as Senator and take up three or four minutes making a correction I am perfectly willing that he should do it.

Hon. Senator RAYMOND: Thank you, very much.

The CHAIRMAN: Where you are; we are not swearing you.

Hon. Senator RAYMOND: I will have to make it under oath.

Hon. Mr. McMEANS: I understand he is not giving any evidence at all.

The CHAIRMAN: No; he is making a statement.

(Hon. Senator Raymond was not sworn.)

Hon. Mr. McMEANS: Not to be examined.

Hon. Senator RAYMOND: I am here ready to answer any question the members of the Committee may wish to ask me. But, first of all, I would like, with your permission, to make a statement of facts, concerning some reflections which appear in the report of the Committee of the House of Commons. These facts would have been declared at the time, if the Committee had thought opportune to ask me any questions about them.

At the conclusion of my evidence, before the Special Committee of the House of Commons, with reference to the Beauharnois Power Project, the Chairman of the Committee (page 799) said: "Are there any further questions? Well,

Senator, we thank you for attending here at the Inquiry and giving your evidence. There are no further questions the members of the Committee or counsel care to ask you, unless you have some questions, Mr. Hellmuth." Mr. Lennox, member of the Committee, then added: "I think the Senator should be commended upon his frankness."

On page 24 of the Report, the commendation above referred to is mentioned and there is added:—

It was, however, later disclosed in evidence that according to the bill of Messrs. Geoffrion & Prud'homme, counsel for the Beauharnois Syndicate from September 10, 1927, to May 23, 1928, there appear some sixteen entries charging for interviews with and telephones to and from Senator Raymond. An interview appears to have taken place on one occasion with Honourable Mr. Mitchell and on another occasion in Ottawa with Senator McDougald.

In reference to which I wish to say that my attention was never called to the bill of Messrs. Geoffrion & Prud'homme which was produced without any comments as far as it refers to me.

At all events, if it needs any explanation, I can say:—

I had several interviews, mostly by telephone, with Mr. Aimé Geoffrion, K.C., who was counsel for the Beauharnois Power Syndicate, of which I was a member and with whom I communicated from time to time for information as to progress. As to interviews in Ottawa, I have no recollection of any, but, in any event, I never made a trip to Ottawa especially for Beauharnois matters, and, if such interview took place with Mr. Geoffrion, it was a casual one and must have been on a day when the Senate was sitting. I must add I never had any interview with Mr. Geoffrion and Senator McDougald, regarding this matter.

The Committee then had the following report (pages 24 and 25):—

It transpired when Mr. Sweezy returned to give further evidence that Senator Raymond had received from Mr. Sweezy some \$200,000 of campaign funds for the Liberal party. The commendable frankness would seem to require that Senator Raymond should have disclosed this to the Committee, if he wished the Committee to understand that he was stating fairly his connection between the Government and the Beauharnois promoters.

In view of Mr. Sweezy's attitude throughout and his views as to the necessity for political influence, it is hardly conceivable that Mr. Sweezy would pay this large sum of money over to Senator Raymond, unless he at least was satisfied that the Senator's influence had been or would be worth the money and it is remarkable that Senator Raymond did not insist on making some explanation of his position in this regard, in view of his evidence.

It must be pointed out, that at the time I gave my evidence there had been no mention of campaign funds, and I was not asked anything about campaign funds. If I had been, I would have stated that, during the electoral campaign of 1930, I was acting as trustee for the funds of the Liberal party, and, in that quality only, had received from Mr. Sweezy, of his own motion, and without solicitation, the sum which this gentleman subsequently mentioned in his statement to the Committee; and in due course all of this money was turned over to the treasurer of this party.

Later, I received a telegram from the Committee, summoning me to Ottawa. Upon my arrival, I saw the Hon. Ian MacKenzie, member of the Committee, who said to me he thought I would not be needed on that day. In the afternoon, he sent word to me that I was not wanted on that day. Notwithstanding, I stayed over until the evening and was then informed personally by Mr. Mac-

Kenzie that the Chairman, Mr. Gordon, had instructed him to tell me that he did not think that I would be wanted any more and that he, Mr. MacKenzie, had informed Mr. Gordon that I would be available at any time on three hours' notice. I then left Ottawa, but, before leaving, I renewed my declaration to Mr. MacKenzie that I would be subject to their call at any time and could be in Ottawa on three hours' notice. I had no further communication from them.

I do not think it is necessary for me to repeat what I have already said before the Committee of the House of Commons. You have already those facts printed and I would respectfully refer the Committee to them.

The CHAIRMAN: Of course it is understood, Mr. Vien, that Senator Raymond would be in attendance at any time.

Mr. VIEN: The Senator is available at any time.

Mr. COOK: Mr. Chairman, might I ask what are the Committee's arrangements as to sitting, so that we may know what instructions to give to witnesses?

The CHAIRMAN: I do not think it is likely that the Committee will sit on Saturday. I have not consulted the members of the Committee yet, but probably it may be arranged so that those out of town can leave on Friday afternoon. Do you like that, Senator Bérique?

Hon. Mr. BÉRIQUE: Of course the Committee may sit, but I have to be in Montreal on Friday.

The CHAIRMAN: One or two mentioned the matter to me, that we might adjourn so that those out of town could leave on Friday afternoon.

Hon. Mr. CHAPAIS: We will not sit on Saturday?

The CHAIRMAN: No. One or two members of the Committee mentioned that they might prefer to have the sitting resumed on Tuesday rather than Monday. I will know more definitely to-day.

Mr. COOK: Thank you, Mr. Chairman. There is one other point I would like to ask. In view of the very voluminous record we have before us, I would ask my friend Mr. Mann to indicate to us, as far as it is possible for him to do so, the names of the witnesses that he proposes to examine, and the order in which he proposes to examine these witnesses; because it is necessary, for the purpose of cross-examination, that we should examine their evidence, and it is impossible to carry everything in our minds as we would like to do. Probably Mr. Smith would undertake to give us that information, if he can, a little time in advance, so that we will have an opportunity to prepare it. I feel that it is not an unreasonable request in view of the size of the record.

The CHAIRMAN: I think that you gentlemen of the counsel could co-operate a little in facilitating the business by consulting one another in that regard.

Mr. COOK: I do not wish to ask Mr. Mann anything I should not ask for, but I suggested this before.

Mr. SMITH: I will be very glad to tell you as far as we know at the present time. I intend to begin this morning with Mr. Christie, who will only take a few minutes; after that Mr. Sweezey, Mr. Griffith, Mr. Moyer and Mr. Ebbs in the order named. Beyond that I cannot say, because I do not know where the thing is going to go from there.

Mr. COOK: I would like to say that my understanding of the orders of this Committee is that the counsel for Senators McDougald and Raymond and Haydon are not to be called upon to bring any evidence before the Committee until Mr. Mann has finished his evidence. In other words, that we are proceeding in the case more or less formally, because we would like Mr. Mann to finish his evidence first before we take the necessary steps to summon witnesses who would be necessary on our behalf.

Mr. SMITH: We intend to follow that exactly.

Mr. COOK: That is your understanding, Mr. Mann?

Mr. MANN: I think so.

Mr. ROBERTSON: Yesterday afternoon I stated to the Committee that Senator Haydon had intended to be here, if he had been able, to make a statement somewhat in the same manner as Senator Raymond has spoken this morning. Senator Haydon is unfortunately not able to be here, and has handed me a statement—his, not mine—which he desires that I should read to-day to the Committee.

The CHAIRMAN: I suppose you will see that Senator Haydon would be able to come here before we close?

Mr. ROBERTSON: As I said yesterday, I have his physician's certificate, which I will be very glad to give you, and the physician said that he would be very glad to attend at any time and supplement that.

Hon. Mr. McMEAN: Is there any necessity of doing it now? Cannot you wait until we get along with the evidence?

Mr. ROBERTSON: No; I suggest, with respect, that it is no more unreasonable than Senator Raymond's statement at this time.

The CHAIRMAN: We will give Senator Haydon all the time he needs.

Mr. ROBERTSON: It is not the time I am asking; it is the occasion and the opportunity now, at the beginning of the enquiry, to state his position.

Hon. Mr. BÉIQUE: As far as I am concerned I think it would be an advantage for this Committee to have the statement made, because it will help in questioning the other witnesses that are called before the Committee—a short statement.

Hon. Mr. McMEANS: I do not think now is the time to do it.

Hon. Mr. BÉIQUE: I move, Mr. Chairman, that the statement be allowed to be made. I do not see what objection there can be to it. I think it is the right of senators to make whatever statements they choose to make.

The CHAIRMAN: With Senator Raymond we have the opportunity of examining him. Is there any guarantee that counsel will be able to examine Senator Haydon?

Mr. ROBERTSON: There is no guarantee that the senator will ever be able to attend this committee. His physician says that he might be examined at his house if care is taken not to put him under undue excitement. That is about the way the certificate reads.

The CHAIRMAN: I am not in favour of accepting it at the present time. I would like to think it over.

Hon. Mr. BÉIQUE: Mr. Chairman, I think I have a right to have the motion put. I make the motion that the statement be allowed to be made.

The CHAIRMAN: We will have to vote on it.

Hon. Mr. BÉIQUE: Exactly.

Hon. Mr. McMEANS: If I understand the learned counsel, Mr. Haydon can be examined if he is examined at his house.

Hon. Mr. COPP: A possibility.

Hon. Mr. McMEANS: That is, the counsel acting for the Crown can go there, with yourself and a shorthand reporter, and take his evidence, and he can be asked for any evidence at that time.

Mr. ROBERTSON: Or some members of the committee could attend, as well.

Hon. Mr. McMEANS: We would not want to do that.

Mr. ROBERTSON: That is a matter of convenience as to arrangement.

Hon. Mr. McMEANS: So that if his evidence can be taken in that way I do not see any necessity for putting in a written statement.

Hon. Mr. ROBINSON: Why should we refuse to have a member make a statement?

Hon. Mr. McMEANS: I am not doing that. What he says is that he is willing to take his evidence before another counsel.

Hon. Mr. BÉIQUE: The question arises as to allowing any member of the Senate to make a statement if he desires to do so.

Hon. Mr. DONNELLY: It appears to me there is a difference between a senator not being present here desiring to make a statement, and a statement of a present senator being presented to this committee. Senator BÉIQUE has moved that the statement be admitted. I would move in amendment that this be deferred—the consideration of that request—until to-morrow morning.

Hon. Mr. CHAPAIS: I second that.

Hon. Mr. BÉIQUE: I will be absent to-morrow.

The CHAIRMAN: Do you want to take a vote on that?

Hon. Mr. BÉIQUE: I am willing to wait.

The CHAIRMAN: Senator BÉIQUE is willing to let the matter stand over until to-morrow.

LORING C. CHRISTIE, Assistant Secretary of the Beauharnois Power Corporation, Limited, and Secretary of Beauharnois Subsidiaries, appeared as a witness, and, having been duly sworn, testified as follows:—

By Mr. Smith:

Q. Mr. Christie, in January last you became Assistant Secretary of the Beauharnois Corporation?—A. That is right.

Q. And you occupy that position at the present time?—A. I do.

Q. And are also secretary, I believe, of the various subsidiaries which are owned by that corporation?—A. I will have to refresh my memory. I am secretary of the Beauharnois Light, Heat and Power Company; Assistant Secretary of the Beauharnois Construction Company; Assistant Secretary of the Beauharnois Transmission Company, and Assistant Secretary of the Beauharnois Land Company.

Q. That is probably sufficient; and you have been asked by the subpoena which is served upon you to produce here certain vouchers with respect to the payment of money?—A. Yes.

Q. I understand from you this morning that there are available the vouchers of the corporation themselves?—A. Yes, sir.

Q. You have not brought with you the vouchers of the various syndicates?—A. No, sir.

Q. And you have arranged that they shall be here to-morrow morning?—A. That is true.

Q. Or will be in the hands of chief accountants who will be here?—A. They will be here this evening.

Q. Those vouchers that he will produce come from your custody?—A. Yes.

Q. And will be vouchers of those corporations and of those syndicates?—A. That is correct.

ROBERT O. SWEZEY, civil engineer, Montreal, appeared as a witness, and, having been duly sworn, testified as follows:

By Mr. Smith:

Q. You live in Montreal?—A. Yes.

Q. And you are a civil engineer by profession?—A. Yes.

Q. In so far as what has come to be known as the Beauharnois Project you are the originator, so to speak, of that enterprise?—A. Yes.

Q. In connection with that enterprise you formed first what was known as the Beauharnois Syndicate?—A. Yes.

Q. And on the 4th of April, 1928, the Beauharnois Syndicate sold out to the Beauharnois Power Syndicate?—A. Yes. I think you are reading from the records.

Q. I have the minutes here that I was quoting from; it is the 4th day of April, and the Beauharnois Syndicate, that is the first one, was composed of 5,000 units distributed among various people?—A. Yes.

Q. I think you used the words part interest rather than unit?—A. Yes.

Q. The second syndicate, or the Beauharnois Power Syndicate, was a syndicate composed of 25,000 part interests?—A. Yes.

Q. And the present subscriber to a part interest in the first syndicate received two for one in the second?—A. Yes.

Q. In other words, if I owned 1,000 in the first, at the time it was absorbed by the second syndicate I became the owner of 2,000 interests?—A. Yes.

Q. And I also had the right at \$100 for part interest to subscribe for 2,000 more?—A. Yes.

Q. That, shortly, was the plan by which they were taken over?—A. Yes.

Q. Then those syndicates owned any right that you had from the Robert family in the Beauharnois section of the St. Lawrence River?—A. Yes.

Q. And they, in turn, transferred their assets to a corporation?—A. Yes.

Q. And in the corporation the members of the syndicate were paid \$150 in cash for each part interest?—A. Yes.

Q. And 40 shares of Class A stock in addition?—A. Yes.

Q. That, shortly, is the structure as we find it at the present time?—A. Yes.

Q. Now, at the beginning you sought associates to join you?—A. Yes.

Q. It was obvious that it required considerable money, and therefore you looked around for some help; that is correct?—A. Yes.

Q. And among those with whom you associated early in the enterprise were Senator Raymond, Mr. Jones and Mr. Moyer?—A. Yes.

Q. Each of those men held in the first syndicate 800 part interests?—A. Yes.

Q. And they were the largest holders in the syndicate at that time, aside from yourself?—A. Yes.

Q. And the price which they paid was \$37.50 per part interest—\$30,000 for 800 part interests?—A. Yes.

Q. And it is also true, is it not, that they and they alone purchased their interest at that price?—A. That was a special price for a larger block.

Q. And the fact is that that price was paid by those three men, and all others paid more than that, from \$37.50 up to \$100 a share, or part interest?—A. I think so, I am not quite certain.

Hon. Mr. CANNON: Will my learned friend allow me. At this stage, Mr. Chairman, for my own information I think that the Committee might decide if this Committee is going to hear anew the evidence which was taken last year, or, so far as evidence is concerned, will hear only further evidence in connection with the subject-matter of the report. The fact is that my learned friend is now bringing before the Committee evidence fully put before the committee of the House of Commons last year.

The CHAIRMAN: That is only a question of a few minutes. He is leading up, I think.

Hon. Mr. CANNON: So I understand, that my learned friend is leading up to something else, probably. But if we are to traverse this year the whole of the

evidence of last year, this investigation will be rather lengthy, and I wonder if it would be in accordance with the terms of the reference as passed by the Senate.

The CHAIRMAN: I do not think he intends to be very long.

Mr. SMITH: The length of time Mr. Sweezey is in the box will depend much more largely on my learned friend Mr. Cannon than it will on me, I can assure you of that.

By Mr. Smith:

Q. In the course of your interest in the matter you wrote a letter to one J. Aldéric Raymond?—A. Yes.

Q. And in fairness to everyone now, I should say that Senator Raymond has said in a previous inquiry that he had no knowledge whatever of the letter that you had written?—A. I would not think that he would have. By the way, I do not think Senator Raymond was then a senator, as a matter of fact.

Q. Well, the gentleman who is now Senator Raymond?—A. Yes.

Q. In fairness to him, he said that he knew nothing about the receipt of that letter by his brother.—A. I would not think so.

Q. You had your syndicate formed and Mr. Moyer, as a matter of fact, became a manager of that syndicate?—A. Yes, at some stage; I do not recall when.

Q. It was on Exhibit 58, that is the exhibit containing the Minutes of the second syndicate. Mr. Moyer joined you on the 4th April and acted as manager after that. You can check that, if you like, by glancing at that. That is the situation?—A. Yes.

Q. From time to time, I take it, you did consult with your associates in your endeavour to forward your project.—A. Yes.

Q. And among those associates did you consult with Senator Raymond?—A. No. I think Mr. Jones was the man who consulted, if he did at all, with Senator Raymond.

Q. You, as a matter of fact, as you have previously said, relied largely on Mr. Jones, who was actively engaged with you?—A. Yes.

Q. And Mr. Raymond was associated with him?—A. Yes.

Q. And later sold out his interest largely?—A. Yes.

Q. At the same time as Mr. Jones?—A. Yes.

Q. And that was purchased by you?—A. Yes.

Q. Mr. Raymond to get the matter straight, retained 351 part interests?—A. Yes.

Q. I am told that I am wrong about that, and I hasten to correct it. He repurchased, that is perhaps the better way to put it.

Mr. VIEN: The 351 shares were repurchased at \$550 per part interest.

By Mr. Smith:

Q. And \$550 was exactly the price you paid Senator Raymond at that time?—A. Yes.

Q. Now I want you to come to those part interests represented by Mr. Moyer. And according to your Minutes he came in on the 4th April. You will recall on the 4th April the old syndicate was absorbed completely by the new one—A. Yes.

Q. And the old one out of business?—A. Yes.

Hon. Mr. COPP: The 4th April of what year?

Mr. SMITH: 4th April, 1928.

By Mr. Smith:

Q. Now, what was your first knowledge of the Moyer position? I should tell you that Mr. Moyer has already said, and it is in evidence, that he was instructed by the late Winfield B. Sifton to make the subscription for these 800 part interests. Now, what relation had you with Mr. Sifton?—A. Mr. Sifton was occupied with Mr. Griffith in attending to all the details to keep us legally straight in our efforts to organize a company, which was preceded by this syndicate, and he and Mr. Griffith together were jointly concerned with developing the record so that as individuals we would limit our liability as much as the syndicate would permit.

Q. That was before your corporate existence?—A. Yes.

Q. And he was also a friend of yours, was he not?—A. Yes.

Q. I believe you were at school together at Queen's?—A. No, but we had been in business some years previously..

Q. And he was also acting as your solicitor?—A. Yes.

Q. Did you at that time know Mr. Moyer?—A. I do not recall whether I knew Mr. Moyer then or not. It was about that time that I became acquainted with him.

Q. What I want to get at is this. When you first saw Mr. Moyer in connection with this transaction he apparently attended a meeting of the syndicate on the 4th April, and is one of the persons signing the contract of purchase by the new syndicate, he and Mr. Molson—A. Yes.

Q. He is signing as secretary of the new syndicate?—A. Yes.

Q. You were present at that time, according to the record?—A. Yes.

Q. Now, what took place between you and Moyer? I mean as to who he was or what he represented.—A. I was never very clear until some weeks later as to what and whom he represented. He was brought in by Mr. Sifton and I knew he had been a close personal friend of Mr. Sifton's, at least I was told so, for some years.

Q. But how far did you carry that? You see, the situation as it strikes me is this. You were sitting in a meeting with a man who was one of your largest holders?—A. Yes.

Q. That is true?—A. Yes.

Q. And you have already told me, and you have said previously, that you were much interested in whom you associated with yourself in carrying out this project?—A. Yes.

Q. So try to tell me, if you can, what took place between you and Moyer as to whom he represented when you first saw him.—A. Nothing took place between me and Mr. Moyer; it was between Mr. Sifton and myself.

Q. You knew from Mr. Sifton that Mr. Moyer was at least representing him?—A. Yes, but I did not think that it was Mr. Sifton alone. I did not know whether it might be his father, or some other members of his family, or even some outsider.

Q. And when were you first aware that anyone else was interested in those shares?—A. I do not recall exactly, but I knew that without being too persistent I would find out in due course. Mr. Sifton did not want to reveal to me at the moment, and I thought it was not necessary to question.

Q. And you did learn later that those shares came into the hands of Senator McDougald?—A. Yes.

Q. Now, had you had any discussion with Mr. Sifton with a view to interesting Senator McDougald in your project prior to April, 1928?—A. Yes, I had.

Q. And my recollection is that you had failed, according to the last information you had, that on his approach to Senator McDougald he had failed to interest him in the matter?—A. Yes.

Q. And we come down to the place—I should have done this before—when Senator Raymond, represented by Mr. Jones, sold out the major part of their interest. That was in October, I think, of 1927?—A. Of 1929.

Mr. MANN: 1928.

Mr. SMITH: The note I have may be wrong. I will straighten that out later. What I have is 1927.

The WITNESS: Are you referring to the sale by Mr. Jones to me?

By Mr. Smith:

Q. Yes.—A. That was in 1929.

Mr. VIEN: You said part of the interest. It was all the interest.

Mr. SMITH: Pardon me.

By Mr. Smith:

Q. All the interest of Senator Raymond and Mr. Jones in 1929?—A. Yes.

Q. And in so far as the original holdings, then they passed out of the picture?—A. Yes.

Q. Senator Raymond, so my learned friend kindly informs me, for \$550 per share getting some 351 part interests?—A. Yes, but I did not know about that.

Mr. VIEN: It was not shares, but part interests or units.

Mr. SMITH: I will take either; I am glad to oblige.

By Mr. Smith:

Q. Now, in so far as your concern went, you had to do with the Government of the Province of Quebec?—A. Yes.

Q. And you did there succeed in getting amendments to your charter?—A. Yes.

Q. Which Mr. Geoffrion told us about yesterday. You were here?—A. Yes.

Q. And then according to your arrangement with the Province of Quebec, the terms of your lease, in fact, you did have to procure the approval of the Council of the Government of the Dominion?—A. Yes.

Q. And you were limited to a certain time, which, if my memory serves me right, was one year from the date of your lease.—A. Yes; the limit was placed by the Province of Quebec.

Q. And you then turned your attention to Ottawa with a view to procuring their approval?—A. Yes.

Q. Now, entering on this phase of the matter, I should say that according to the evidence given at the last hearing Senator McDougald swore that he became the owner of the Sifton shares on the 18th May, 1928.—A. Yes, I think.

Q. You have that date in your mind?—A. Yes.

Q. Now, I want to know if after that time you consulted Senator McDougald with respect to your progress in Ottawa.—A. Oh, I had frequent talks with him. I do not know if you could designate it "consultation."

Q. Well, conversation?—A. Yes, it was certainly conversation.

Q. That will suit me just as well. And I take it that you also saw other persons in connection with the same thing,—Mr. Jones, for example?—A. Yes.

Q. And Mr. Jones has told us that he himself was in Ottawa in connection with trying to forward this matter.—A. Yes.

Q. When did you first hear of a corporation called the Sterling Industrial Corporation?—A. Oh, it was some months later, I think.

Q. It was after this day in May, in any event, which I have given?—A. Yes.

Q. And from whom did you first learn of that corporation?—A. I think it was Mr. Ebbs.

Q. That is Mr. Ebbs of the firm now of Haydon & Ebbs?—A. Yes.

Q. And having seen Mr. Ebbs, whom did you then see?—A. Well, I would not be able to remember exactly, but I know I subsequently discussed that with Senator Haydon and Senator McDougald and Mr. Henry, but just in what order and precisely when it would be very difficult for me to recall.

Q. Did you discuss it with them all together or with any two of them?—A. On one or two occasions I think I discussed it in the presence of Senator Haydon, Senator McDougald, Mr. Jones and Mr. Griffith.

Q. And what was the discussion? I mean, what did they want and what did you want?

Mr. ROBERTSON: May I just ask that the conversations be separated? He said he had various discussions with different people at different times. It is rather important to say with whom at any particular time.

By Mr. Smith:

Q. Will you oblige Mr. Robertson, as far as you can?—A. I will see if I can get the import of that question.

Q. What he means, if I may summarize it, is that if you had a discussion with Mr. Henry alone, for example, you should say so, when telling us what that discussion was, and so on.

Mr. SMITH: That is what you mean, Mr. Robertson?

Mr. ROBERTSON: Yes.

The WITNESS: As a matter of fact, I did not know much about this Sterling Company and did not pay much attention to it until some time in the fall.

By Mr. Smith:

Q. In the fall of 1928?—A. Yes. So that anything that occurred up to that time until the final meeting when we agreed on the purchase, I can hardly recall with any degree of accuracy.

Q. I want to know why this Sterling Industrial Corporation finally assumed any degree of importance in your eyes. You had not been getting along in Ottawa?—A. Well, our progress here entailed a great deal of technical discussion with engineers of the departments, and in these discussions a great deal was said about the feasibility of developing according to the plans that we were adopting as compared with plans that were suggested by the Joint Board of Engineers. And that occupied a great deal of time, and I never differentiated very carefully as between the technical discussions and those which led to trying to convince departmental authorities that our request should be granted for the approval of our plans.

Q. What do you mean by making a differentiation between technical discussions and those which led to trying to convince departmental authorities?—A. Well, one seemed to have to do with legal aspects of the case and the other was purely technical.

Q. Did there come a time when you were dissatisfied with your progress?—A. I was dissatisfied with our progress after the first two or three weeks. I thought it would be an easy matter to get it done, but I did not know enough about the procedure.

Q. Naturally, being an engineer, you came to an end of your engineering difficulties at some time?—A. Yes.

Q. And there were further delays?—A. Yes, which I subsequently ascertained were due to the fact that there was some doubt in everybody's mind as to who owned the water-powers.

Q. You were in a situation as between the Dominion and the Province of Quebec?—A. Yes.

Q. When did this Sterling Industrial Corporation assume importance in your mind?—A. In the fall of 1928, when I felt that the delays had been pro-

longing and I thought that maybe this other company might have some prior claim. I was not sure, but in looking into the whole situation I said "if it has a prior claim then we ought to remove it."

Q. And having regard to that prior claim you had discussion?—A. Yes.

Q. Who told you it had a prior claim?—A. I am not certain who told me, whether it was Mr. Henry—I think it was Mr. Ebbs, probably. He pointed out that an application had been put in. And as a matter of fact Mr. Griffith pointed that out to me some time previously, but I did not regard it very seriously, although Mr. Griffith regarded it more seriously than I did.

Q. To come down to those discussions which were mentioned a moment ago, will you tell me what took place?—A. Well, I think it was Senator Haydon and Senator McDougald and Mr. Henry who suggested—it was not an urge—they suggested that a good way to round up this whole situation would be to get all conflicting interests together, all interests that might conflict. Then Mr. Jones had some discussion—

Q. We will not worry about his discussion; it is yours that I am concerned with at the moment. You were out of touch with it for a while?—A. Yes.

Q. And you subsequently did make an arrangement?—A. Yes.

Q. And that arrangement was made after the gentlemen you have mentioned told you—I do not remember your exact words, but it was to the effect that the proper way to round up the whole situation was to, in effect, buy out that company?—A. Yes.

Mr. ROBERTSON: I submit that is not a proper way to put it. "All conflicting interests," he said.

By Mr. Smith:

Q. Did you buy out anyone else?—A. No.

Q. So this was the only conflicting interest which you saw fit to buy out?—A. Yes.

Q. Now, there were other applications at the time for power in this section, for diversion rights in this section, with the Dominion Government?—A. Yes, I understand so.

Q. Among these was that of the Transportation & Power Company?—A. Yes.

Q. Did you pay much attention to that?—A. No, because I knew they had no financial standing.

Q. And for that reason, as you say, you paid no attention to it?—A. No.

Q. Now, conversely, coming to the Sterling Company, the three you discussed that with were Senator Haydon, Senator McDougald and Mr. Henry?—A. Yes.

Q. Did you regard them as an obstacle because they were men of financial standing?—A. I knew Senator McDougald was a man of financial standing and thought that he would be able to bring considerably more to his support in a financial way, if he chose.

Q. In other words, was the fact that Senator McDougald was connected with that company, was that a moving factor in your making that purchase?

Hon. Mr. CANNON: One moment. A few moments ago when I asked whether the Committee intended to hear the evidence anew, my learned friend said that he was simply asking preliminary questions leading up to something that he wanted to put before the Committee and that would have some bearing on the reference to Committee. Therefore I have not made any objections to the questions put by my learned friend, but I need not insist on the fact that nearly all the questions he has put so far have been most leading in character. If he is going to examine the witness anew I would, with all respect and deference, ask the Committee to request my learned friend to examine the witness in the usual way and if possible not to lead him too much.

The CHAIRMAN: I think he will be careful in that regard.

Mr. SMITH: There is no doubt that my questions are leading. It does seem to me that that is the sort of question best calculated to elicit the truth of the situation and probably to save a good deal of time.

The CHAIRMAN: I do not think counsel can lead this witness very far beyond where he wants to go.

Hon. Mr. BÉIQUE: I do not think he is bringing out anything new, but only what is already on the records. We already have those facts.

Mr. SMITH: What I am endeavouring to do, sir, with great respect, is to clarify some things that are on the record. That is my object. However, I will try to be careful.

The CHAIRMAN: I really thought counsel was very brief. He is getting over the ground very well.

Hon. Mr. CANNON: Yes, if these are only preliminaries, very well. But if this is the substance of the evidence that my learned friend wants to put before the Committee, I would ask him not to be the witness.

Mr. SMITH: My learned friend Mr. Cannon compliments me that I can be. I appreciate that and will return it by doing my best to please him.

By Mr. Smith:

Q. Did you at any time become worried about getting your project through the Dominion?—A. Yes, I was worried continuously, I think.

Q. And perhaps I will put it to you in this way, which I am sure will please Mr. Cannon: Would you tell me in your own way, and in your own language, what these conversations were with respect to the purchase of the Sterling Industrial Corporation?

Hon. Mr. CANNON: That is quite an improvement.

The CHAIRMAN: That is very proper.

The WITNESS: Well, Mr. Jones pointed out to me that he thought we had better buy this. He had had some conversation about it and he discussed it with me carefully, and he said "If you think we ought to purchase it, say so, and perhaps that is the best way to get it. I do not know whether that is holding us up or not. If that is what it is, let us remove it. We cannot delay this thing much longer, or I am getting out of it." It was Mr. Jones' urge that moved me to see the advisability of paying more than the thing was worth intrinsically to remove that.

By Mr. Smith:

Q. In your judgment, was it worth anything intrinsically?—A. Intrinsically, no.

Q. After this you made up your mind to purchase it?—A. Yes.

Q. Who arranged the terms of the purchase?—A. Mr. Jones and myself, together with Senator Haydon and Senator McDougald, Senator Haydon acting, I took it, as Senator McDougald's counsel. I think Mr. Henry was also present.

Q. And at that conference an agreement was made which was subsequently reduced to writing?—A. Yes.

Q. And that is Exhibit 75, of the House of Commons Committee. Now, there is a term in this agreement which I intend to read, namely clause 4:

If the said application of Beauharnois Light, Heat and Power Company for approval of its plans and site be not granted by the Dominion Government on or before the twenty-eighth day of February, 1929, then the Trustee shall return to the said Ebbs and/or his nominees the share

certificates of Sterling Industrial Corporation Limited and the said Marquette Investment Corporation shall no longer be entitled to issue the said two thousand (2,000) Part-Interests, or any part thereof, or certificates for the same, in virtue of this agreement and of the said resolution.

Now, that time limit was subsequently extended by another agreement in writing, which was an exhibit before the House of Commons Committee?—

A. Right.

Q. And Lyla Brennan who is mentioned in this agreement as a trustee, is a secretary or stenographer in the office of Haydon & Ebbs?—A. I believe so.

Q. And the method was to handle this purchase through a trustee? It was an exchange, shortly, of the five issued shares of the Sterling Company for 2,000 part interests?—A. Yes

The CHAIRMAN: Has that document a number?

Mr. SMITH: Yes, sir, it was marked as Exhibit 75 before the House of Commons Committee.

By Mr. Smith:

Q. And now, what discussion did you have with respect to the time limit set out in clause 4, which I have just read to you?—A. That is the point which was raised by Mr. Griffith. He pointed out to me and Mr. Jones that it was conceivable that we might not get through our efforts in Ottawa at all, and in that case we would be left with whatever rights we had acquired from Quebec, which would be conceivably worth something, and if we had the Sterling Company in for those 2,000 shares it would be participating in what rights we had from Quebec without having contributed anything, and so we had to arrange that in the realization of our assets they would not be participants.

Q. That is, your vendors would not be participants?—A. Yes.

Q. I see this agreement is dated 18th December, 1928?—A. Yes.

Q. What was your financial position at that time; I mean your syndicate's financial position?—A. We had heavy obligations, I don't think we had much cash at that time. We could not pay any cash for anything.

Q. My recollection is that you had done considerable borrowing from the banks at that time and if you had been forced into liquidation you knew that you were facing heavy liabilities if your project failed?—A. Yes.

Q. And then this agreement, you say, was subsequently accepted?—A. Yes.

Q. In fact, after the Order in Council No. 422 was passed, carried out?—A. Yes.

Q. And the issue of capital, I think, was five shares in that corporation?—A. Yes.

Q. And the incorporators appear here as in one of the exhibits. Now at the time that you bought the Sterling agreement, in December of 1928, did you then know that Senator McDougald was the owner of part interests in Beauharnois?—A. Yes.

Q. And I think they came into his name in the preceding October?—A. Yes.

Q. Did you have any particular discussion with him having regard to them? I mean on the one hand he was in Beauharnois and on the other hand he was in Sterling, which was the conflicting interest you had decided to purchase?—A. Yes.

Hon. Mr. CANNON: One moment, Mr. Chairman. I object to the form of questioning. My learned friend is arguing. I think he will have an opportunity of arguing the case later. I think that when the facts are put before the committee it will be for the members to draw their own conclusions.

Mr. SMITH: Surely I am not offending this time; my question was simply this: "Did you have any conversation with respect to that?"

Hon. Mr. CANNON: I beg your pardon. If that was the question I would not have made any objection.

Mr. SMITH: Let's find out exactly what I said. Will you read the question, please?

The reporter read the following question:—

"Did you have any particular transaction with him having regard to that?"

Mr. SMITH: Yes, that is what I thought it was.

Hon. Mr. CANNON: I thought I heard something about a conflict of interest.

By Mr. Smith:

Q. Some of these discussions, Mr. Sweezey—would you be good enough to tell me if you had any conversations with Senator McDougald about the things we have been lately discussing?—A. It is pretty hard to recall. I know we had a great many as to what value should be ascribed to this Sterling Company, and I think as Mr. Jones was with me, and he is a very astute trader, I am pretty sure that he used all the argument that should have been brought forth at the time.

Q. We will assume then that you did the best you could. In other words, I presume you were not exactly giving this thing away; you were trading as best you could, and that was the best price you could get from these gentlemen with whom you were dealing?—A. Yes.

Q. I want you to tell me as closely as you can when you first knew that Senator McDougald was interested as an owner in Beauharnois, and also when you first knew he was interested as an owner in the Sterling Industrial?—A. Well, I will dispose of the last one first, because it is more easily recalled. I did not know that Senator McDougald's interests had an interest in Sterling until very late in the fall, or shortly before the deal was made.

Q. Yes?—A. Now, as to when he came in, I am not sure just when I became definitely aware of his being in there. It was some time during the summer of 1928.

Q. Yes—?

Hon. Mr. COPP: That you were aware that he was in Beauharnois?

Hon. Mr. McMEANS: What is the date of that agreement with Beauharnois which you have there?

Mr. SMITH: December 18, 1928, sir.

Hon. Mr. McMEANS: Thank you.

By Mr. Smith:

Q. You can't place that any more closely than some time during the summer?—A. No. I know that it was some little time after Mr. Sifton died.

Q. And he died, I think, on the 13th of June, 1928?—A. Yes.

Q. Now, coming back to your conversation resulting from which the agreement entered here as Exhibit 75 was made—I am speaking of your conversations with Senator McDougald and with Senator Haydon—what was advanced by them in this bargain, or by either of them, to boost (if I may use that very ordinary expression) the price of the 2,000 part interests?

Mr. ROBERTSON: Again I submit that is not a fair question. Nobody has said anybody was boosting anything, as a matter of fact it has not been said that Senator Haydon had anything to sell.

Mr. SMITH: You are quite satisfied now Mr. Robertson? Is that the way you want the question in, or how do you want me to put it?

Mr. ROBERTSON: I would be quite satisfied if you would pass on and have nothing to do with it.

Hon. Mr. COPP: That is good business.

Mr. SMITH: I think Mr. Robertson is very generous in giving us the real object of his objection.

By Mr. Smith:

Q. Here is the purport of my question. I put it to you in this way: In the conversations that you had in the presence of Senator Haydon and Senator McDougald, both being there at the same time (that pleases you, I am sure), just what was urged on their behalf (I leave out the objectionable word boost), in persuading you to pay 2,000 part interests for this corporation with no intrinsic assets—? A. The main argument was one of technical merit, as, being ahead of our application; and I don't know just how I got to believe, but I did believe, or thought, that there might be other people in it whom they thought it would not be fair to drop out and leave them unprotected while they were coming in with us; and whilst I am not clear as to whether they actually said that or not I was given that impression—that the merits of their arguments were that they were not alone in the matter that others might be with them. I did not know how many shareholders there were in this, and I didn't find out until after the purchase was made.

Q. That was part of your conversation; now I want you to tell me what else they urged that you in proceeding might take up—my recollection is that you gave up about nine per cent of your undertaking?—A. That is about it; 2,000 out of 25,000—that would be about eight per cent.

Q. And in giving that up what else was urged upon you?—A. That the removal of this obstacle would enable us to concentrate more effectively on the one company.

Q. Yes?—A. That is, in a few words, there were a great many arguments to explain the proposals, I have no doubt.

Q. And did you discuss (if I may suggest, with permission), did you discuss as to who the owners of Sterling were?—A. No.

Q. I see?—A. Except with the two gentlemen whom I knew, Mr. Henry and Senator McDougald.

Q. Were you shown a list of the shareholders at that time?—A. No.

Q. So that, in so far as any definite knowledge of yours was concerned those were the only two owners?—A. Yes.

Q. Even among others that you knew?—A. Yes.

Q. Now, was there anything else? I want you to search your mind as carefully as you can—your memory. Was there anything else urged as a reason why you should pay this amount in part interests—

Hon. Mr. CANNON: I understand my learned friend means, again, during conversations at which both Senators were present?

Mr. SMITH: Yes. When I am speaking of another one I will put out a flag to let you know.

Hon. Mr. CANNON: My learned friend knows, but the witness might not.

Mr. SMITH: I notice that you found out very quickly.

Hon. Mr. CANNON: I am here for that purpose.

By Mr. Smith:

Q. You might, if you can, tell me anything further?—A. I can't think of anything further of a very specific nature, the whole thing was more or less mysterious you know.

Q. By that, just what do you mean?—A. I mean that as it had no intrinsic value I did not feel that we ought to purchase it, but as it had an obstruction-

ist value, for the purpose of getting on, for the purpose of gaining time, I thought we should get it out of the way.

Q. You were interested in time were you not?—A. Yes. I am not sure that my last word was quite distinct, we thought we should get it out of the way.

Q. Now, have you told me everything you have in mind?—A. I think so. I can't quite recall all the details of the arguments used leading up to the purchase—it was not done with a view to enhancing the physical value of the layout, it was done with a view to gaining time; getting ahead a little faster than I thought we otherwise would.

Q. Now, did you know, during these conversations, the positions occupied by the two gentlemen to whom you were talking; I mean, that they were Senators?—A. Yes, I understood that Senator Haydon was merely a solicitor, that he was not a shareholder—that was my understanding right through all this.

Q. By the way, how did you get that understanding?—A. He told me frankly.

Mr. SMITH: Excuse me just a moment, sir.

Hon. Mr. McMEANS: I think you had better finish your answer.

Mr. SWEEZEY: Senator Haydon was most emphatic in stating that he was not a shareholder except through his office, acting in a legal capacity.

Mr. SMITH: I find, sir, I am through with this portion of my examination. I am sorry for the delay.

Hon. Mr. McMEANS: Take all the time you like.

Hon. Mr. COPP: Our pay is going on just the same.

Hon. Mr. McMEANS: So is the solicitor's.

By Mr. Smith:

Q. Now, turning to another phase of the matter. You had a number of solicitors employed in connection with your enterprise?—A. Yes.

Q. And Mr. Geoffrion stated here yesterday that he was involved in purely legal matters, he had nothing to do with obtaining influence, or anything of that sort. I know that is the case, but I am anxious that you should confirm that, since I believe that to be the situation?—A. That is quite true.

Q. But you did, in Ottawa, have other persons employed whose labours were not strictly of a legal nature—I do not mean that they were illegal, but I mean they did not have to do with matters of law——?—A. I think that is right.

Q. And among those you employed was Colonel Thompson?—A. Yes.

Q. What were his duties?—A. Now, I think Mr. Griffith might answer that better than I can, it is a matter of substantial detail, much more than I could recall.

Q. Very well, I will leave it to Mr. Griffith. Perhaps I should point out to you that in a bill of Colonel Thompson's, which is Exhibit No. 115 before the Committee, he seems to have interviewed a great many people who reside on the Hill. There is a thing, I believe, called Parliament Hill in Ottawa. And that is what is referred to likely as the Hill, is it not——?—A. I think so.

Q. Well, in any event, you were climbing one hill and Colonel Thompson was climbing another. His was a physical one. Have you any knowledge——? A. No.

Q. Or would Mr. Griffith be able to tell me——?—A. I did not pay any attention to that phase of it at that time.

Q. Did you later? You say you did not pay any attention at that time——?—A. No. I was connected more with the engineering and financial difficulties as we were going ahead.

Q. Then, dealing with the whole subject of lawyers' bills and so on, I am much better advised to ask Mr. Griffith with respect to that than you——?—A. Yes.

Q. I want to turn to another phase of the matter; that is, the subject of campaign contributions. I want you, in your own way, to tell the Honourable Committee the history of these contributions.

Hon. Mr. CANNON: So far, I suppose, as is relevant to the subject matter of this examination.

Mr. SMITH: Yes. Perhaps you and I might agree that the subject matter is with respect to the gentlemen named in the report.

Hon. Mr. CANNON: I can't very well give any agreement for my learned friend. I am in the hands of the Committee. I am just calling his attention to the fact that he has put a most general question and really what the Committee wishes to hear is something which has relevancy to the subject matter before the Committee.

Mr. SMITH: Very well, I will make it brief. The last objection made by my learned friend was that I was being too particular, now his objection is that I am getting too general.

Mr. ROBERTSON: I think we should not be restricted in cross-examination to go into any subject relating to that matter.

Mr. SMITH: I am quite ready to agree with you; I don't want to quarrel with anybody or anything.

By Mr. Smith:

Q. Well we will put it this way; you did make certain campaign contributions——?—A. Yes.

Q. I wish you would deal with the major items first and tell me in your own words in what amounts, and to whom, they were made——?—A. Well, I cannot give you a great deal of detail. I can give you approximately the sum total, but I could not quite tell you all the details of the amounts we paid over. It amounted to between \$600,000 and \$700,000. The payments were made mostly to Senator Haydon, but on one or two occasions I said to Senator Haydon is it all right as a matter of convenience to deliver it to Senator Raymond as the trustee in the province of Quebec—can't I make it direct to him instead of delivering it to you; and he said that is all right, he and I are trustees for the party fund.

Q. Which party fund——?—A. The Liberal Party.

Q. About what time did these payments begin——?—A. It was a short time before the elections of 1930.

Q. And can you fix it any more closely than that——?—A. Well, they extended over a few weeks because I could not raise the money all in one fell swoop.

Q. It was a lot of money to raise, even in a city like Montreal——?—A. Yes.

Hon. Mr. GRAHAM: The needs grew?

Mr. SWEEZEY: The needs grew.

By Mr. Smith:

Q. And where did you make these payments, perhaps it will assist Senator Graham——?—A. In Montreal.

Q. And in what form were these payments made——?—A. In bonds, in Dominion government bonds.

Q. These I suppose you purchased from time to time——?—A. Yes.

Q. And where did you make those purchases——?—A. Oh, in different places. Mr. Griffith made the purchases, and I am not so sure whether I did make any myself or not.

Q. Perhaps Mr. Griffith knows more about that aspect of it than you do——?—A. He may be more familiar with it than I am.

Q. Do you think he is much——?—A. I think he is, but I don't think he has kept a record of it.

Q. No. I can quite understand that.——And you have none——?—A. No——. It is not a thing one is, well, just proud of——much.

Q. And I take it Mr. Griffith was probably of a like mind. But, can you fix the time any more definitely, that is to say, extending over a few weeks prior to the Dominion election of 1930——?—A. No, I cannot be more accurate than that because I know that it was probably in the late spring, beginning in the late spring, and that may be May or June. I don't think there was much paid until June.

Q. Whom did you first see in connection with the payments?—A. Senator Haydon.

Q. Where did you see him?—A. I don't recall just where, but he told me an election was coming on and, of course, we were regarded as probably good subscribers; and from time to time more requests came in and as they became more urgent I became more alarmed, but paid what I could and then stopped.

Q. Yes. From whom did these requests continue to come?—A. From Senator Haydon as the Trustee or collector for the fund of the Liberal Party.

Q. And, as you say, you raised what money you could, in the aggregate you raised between \$600,000 and \$700,000. When you could raise no more you stopped——that is what you told me just now?—A. Yes, when elections were on, and I could not raise any more just then. I don't know if they wanted any more, but I am quite sure it would have been accepted if I could have produced it.

Q. I am sure that would be quite true of any election, or of any party, or of any lawyer for that matter. Coming back to it, you have not told me when you had your first conversation with Senator Haydon, or what it was. I just want to make it clear before I leave it; that you have told me all you remember of that conversation which took place on that first occasion?—A. I think it worked up gradually. I do not think he demanded all that money all at once or I might have been frightened.

Q. I am very anxious not to lead you, particularly in a matter of this sort. Do you recollect anything further of that first conversation?—A. No, I do not even recollect a specific first conversation. I do not know just when the thing emerged from its hazy state into one of definite production of funds.

Q. Then you had further conversations, I gather, with Senator Haydon?—A. Yes, from time to time.

Q. Is there any record, or can you assist me in endeavouring to find any record, of the payment of these bonds? Or has Mr. Griffith, perhaps, some such record?—A. I think Mr. Griffith can produce that; I do not know whether he can or not, but I think he would if anybody could.

Q. You cannot in any event?—A. No.

Q. Who actually made the payments, you or Mr. Griffith, or both?—A. Well, both.

Q. Do you remember what payments you personally made?—A. No, I do not remember exact amounts. Sometimes it might be \$50,000 at a time; sometimes it might be as such as \$60,000 or \$80,000, or various amounts, depending on the facilities which we had from time to time.

Q. And in fairness I think we should point out at this time that, I think, only \$200,000 odd was Beauharnois money?—A. No—yes, it was something like that.

Q. \$295,000; am I right in my memory of that, approximately?—A. Yes. I am not just sure, something—

Q. Well, we will leave that go. Let us put it this way, the major portion of that was not Beauharnois money?—A. No, that was my own money, and money borrowed from some of my friends.

Q. Why, Mr. Sweezey, did you make these large contributions?—A. Well, I looked around to find out just how much a man in my position would be expected to pay and I was rather alarmed to find that in an undertaking of this kind one was expected to pay handsomely: Not that anybody literally held a gun on me, but I inquired what other companies paid—such as industrial companies, banks, large contractors, and so on.

Q. And, of course, the size of the undertaking you were working on had some bearing on the question?—A. Yes, I felt the size of the undertaking we were working on had some bearing on the amount of money that was expected.

Q. Yes. And you surely did your best accordingly?—A. Yes. Ours was a \$75,000,000 undertaking, and I feared that if some of the opinions proffered where I had asked for advice, that it would be far more money than I could raise. I was pleased to find that I could get away with paying no more money than I did.

Hon. Mr. COPP: You didn't want to be a piker in comparison with other corporations.

Hon. Mr. BÉIQUE: May I suggest that you ask the witness whether it was transmitted to one party alone, or to others.

Mr. SMITH: I intend, sir, to go into that. And I think I had better go into that now.

By Mr. Smith:

Q. Did you make contributions to parties other than the Liberal party? I am speaking of the Dominion organizations, I am not concerned with Provincial matters, but will go into that if the Committee think I should. The Dominion I had in mind.

Hon. Mr. McMEANS: We are well content that you should deal with Dominion affairs.

By Mr. Smith:

Q. Can you tell us anything about a payment to Mr. Leslie Bell, amounting to around \$5,000?—A. That was my own contribution to Mr. Leslie Bell. It was strictly personal. It would have taken place if there had been no such thing as Beauharnois at all. I was always contributing to Mr. Leslie Bell's campaign fund because he and I went to college together, occupied rooms in the same house and were old friends, and I would have helped him out had he been with any party; even if he had been against me if I had a party, which I don't have.

Q. Had you previously made contributions to Mr. Bell's election campaigns?—A. Oh, yes, on two or three previous campaigns.

Q. And you were personal friends, as you have told us?—A. Yes.

Q. Now, following Senator Béique's inquiry. I believe you made—did you make any further contributions to any other party or person in connection with the Dominion elections?—A. Yes. I made a contribution to a man who was the trustee for funds for the federal party in Montreal, General McCuaig.

Q. How much?—A. \$10,000.

Q. Yes. Any others?—A. Not that I recall.

Mr. SMITH: I am quite prepared to go outside the federal field if the Committee wish.

The CHAIRMAN: Oh, no.

Mr. SMITH: That is all I had in mind to ask the witness. If the Committee wish to ask further questions that they have in mind I shall be glad to put them.

Hon. Mr. BÉIQUE: I do not think that the witness is able to speak of that, but I think it might be enquired as to whether it has not been the practice of both parties to have election funds, subscription to the two funds, for a number of years.

Hon. Mr. McMEANS: That is a fact that is already well known. I think that is apparent on the face of it.

Hon. Mr. GRIESBACH: What does this witness know about that?

Hon. Mr. COPP: Probably he can handle it, so far as the Committee goes.

Hon. Mr. GRIESBACH: The witness says he had no party. That is wasting time.

Hon. Mr. COPP: He says he has contributed to different elections.

Hon. Mr. BÉIQUE: Is he able to speak as to that?

The CHAIRMAN: I do not think we are interested as to that. Everybody knows.

Hon. Mr. ROBINSON: I suppose any member of the Committee could ask the question if he wanted to.

Hon. Mr. McMEANS: Yes, you can ask it if you want to.

By Hon. Mr. Béique:

Q. Do you know if it has been the practice of both parties?—A. I knew, vaguely before I got into Beauharnois, but I knew very much more definitely after I started to enquire.

The CHAIRMAN: Any doubt about it was removed.

By Right Hon. Mr. Graham:

Q. You said in your evidence that you did not wish your position as a big undertaking to be less generous than that of bankers and others in industry, who, you understood, contributed; then are we to judge that you understand that those other interests do contribute to party funds?—A. Well, I made it my business to ascertain the attitude of others, and they all told me—why, they thought I was simple if I didn't know that.

Right Hon. Mr. GRAHAM: That answers your question, Senator?

Hon. Mr. BÉIQUE: Yes.

CROSS-EXAMINATION

By Mr. Robertson:

Q. Just to follow what you said a moment ago, Mr. Sweezey, was it all for your information on which you were acting in making the contributions you have spoken of that the substantial amount was given out to both parties, both the Liberal Party and the Conservative?—A. Yes; my information was that any big organization that held any position in the political horizon would generally pay both parties. Your bet would be the larger on the one you thought would win, I think.

Q. I see, by reference to something that was said on the former inquiry, that you had also some one speak to you about a contribution to the Conservative Party fund?—A. Yes, in Montreal.

Q. Somebody suggested to you that you should contribute, or asked you to contribute?—A. Well, somebody approached me.

Q. May I ask you who it was?—A. It was Mr. Cartier who suggested that I should make a contribution, and at that time I was pretty well shook down, if I may use the expression, and I had not much to contribute—had not much left.

Q. Did some one suggest, make a proposal, that it should be \$200,000?—A. I think Mr. Cartier suggested the amount, only nothing came of it, though.

Q. Yes, but let us see what happened before nothing came of it; the suggestion was that you should make that contribution to him?—A. Well, to the party, but it was not designated definitely to whom personally.

Q. Was General McRae's name mentioned?—A. Yes, he told me that General McRae was anxious to get some funds. He did not say it was General McRae that was asking for it, though.

Q. But he suggested not only the contribution, but the sum of \$200,000?—A. He thought that would be a fair sum for me to—

Q. And what did you say when you were approached?—A. I told him that \$200,000 was an awful lot of money at that time.

Q. When was this?—A. That was shortly before the election of 1930.

Q. And you said it was a lot of money; what further?—A. Well, I wanted time to think it over.

Q. Did you do anything further about it?—A. No, I was continuing to think it over when I was finally told that it apparently would not—as a matter of fact I was not told anything, I was not pursued.

Q. Did you see anyone else in regard to it?—A. No, I didn't see anyone else.

Q. Did you speak to anyone else before you dropped the matter?—A. Well, somebody else in the Beauharnois Company asked me if I had contributed anything or had made any arrangement to contribute anything to the Conservative party.

Q. Did you see any other representative of the Conservative party?—A. No, I did not; at least I think there were one or two people with Mr. Cartier at the time, but I can't recall. They were only introduced to me then, and I can't recall who they were.

Q. Did anyone else see you again?—A. No, except Mr. Cartier, who wanted to know what my attitude was towards the idea, and I slightly failed him on that.

Q. Had you formed some opinion as to the possible result of the election that made you decide that way?—A. No; the fact of the matter was that I had used up all my available funds.

Q. You had used up your money, you say; then you made earlier contributions, did you not, for election purposes, or towards the campaign funds through Mr. John Aird?—A. Well, now, may I ask a ruling on this? This is getting into provincial matters.

Q. Into what?—A. Into provincial questions, and I think I got a ruling a while ago—

The CHAIRMAN: We have nothing to do with that.

Mr. ROBERTSON: The purpose of all those contributions, if they are all pure and simple contributions to the good of the cause, all very well, we are not concerned in any of them; but if there is any question, I am only concerned—

The CHAIRMAN: We are not interested in John Aird at all.

Mr. ROBERTSON: May I submit this, that if it is sought to attach to the contributions made to or through Senator Haydon any improper motive on the part of Senator Haydon, any improper bargain, anything except what the witness had here indicated as a contribution by him in the pursuance of a practice that may be good or bad, if there is anything worse to be attached to it, then I submit the motive behind them all has to be inquired into.

The CHAIRMAN: It is outside the scope of our inquiry altogether. We have no authority to hear it.

Mr. ROBERTSON: The Committee is surely trying to find out if there is anything corrupt about this sort of thing.

The CHAIRMAN: It may be proved that John Aird got a million dollars; that is no difference to us.

Hon. Mr. McMEANS: That evidence is all printed in that book, about that contribution to John Aird.

Mr. ROBERTSON: No, I do not think it is all printed.

Hon. Mr. CANNON: That brings the Committee back to my suggestion.

Mr. ROBERTSON: If the Committee say that they are satisfied with this witness's statement, that the motives are just as he says, we are not concerned; it is entirely a matter of privilege——

Hon. Mr. McMEANS: I think you might give the Committee some credit for understanding about contributions to party funds.

Mr. ROBERTSON: I have no doubt the Committee know far more than I do about contributions to party funds, but the question is the motive and intention of this witness in making them; that is the purpose of the question.

The CHAIRMAN: I do not see that there is any use in taking up time with such questions.

Mr. ROBERTSON: Of course if the Committee rule that out I cannot pursue it, but I submit it is only to be ruled out on one ground, and that is that we are not taking his statement—the witness's statement, if accepted just as he made it, in regard to Senator Haydon and the contribution to him.

Hon. Mr. McMEANS: The only difficulty about it is that this Aird business has been aired so long that he would have to be called here and examined and cross-examined on what he did with the money, the \$150,000.

Mr. ROBERTSON: Yes, I think that would be interesting.

Hon. Mr. McMEANS: He has given that evidence in the Blue Book, that he put it in bonds, and he never paid it over to anybody.

Mr. ROBERTSON: It is not a very satisfactory account, however.

The CHAIRMAN: It is all in that book, anyway.

Right Hon. Mr. GRAHAM: The difficulty I see, Mr. Robertson, is, where will we stop if this Committee proposes to investigate provincial matters? I would be as anxious as you to find out all about this Aird business, let us understand that, but if we step into that——

Mr. ROBERTSON: I am submitting that it is not a matter whether it is provincial or parochial or Dominion; it is the question of the witness's motive, and what was behind it. If we have got the whole story from him now, it was a voluntary contribution, with no motive.

The CHAIRMAN: Mr. Robertson, on your responsibility as a Member of the Bar, do you think you can trace this Aird money to a member of the Senate?

Mr. ROBERTSON: No.

The CHAIRMAN: Then we have nothing to do with it. Our business here is to investigate Beauharnois in so far as it relates to any member of the Senate.

Mr. ROBERTSON: Quite so; but I am cross-examining the witness, and I am concerned in finding out on that cross-examination, all that lies behind the contributions that may be of a political character.

The CHAIRMAN: We are not interested in a fishing excursion.

Mr. ROBERTSON: If I am not, then I cannot continue the cross-examination.

Mr. SMITH: It seems you have done that three or four times now.

Mr. ROBERTSON: I suppose my learned friend would prefer that I stopped it.

By Mr. Robertson:

Q. Then, Mr. Sweezey, let me take you back a little earlier to the matters of 1928; now, you understood in the fall of 1928, I think you said this morning, that Senator Haydon, when he was in the company with Senator McDougald in certain negotiations you had regarding the Sterling Industrial Corporation, was acting as Senator McDougald's counsel and advisor?—A. Yes.

Q. And that he himself had no personal interest in the Sterling Industrial Corporation?—A. Yes.

Q. That is your understanding?—A. Yes.

Q. You may have understood there were nominal shareholders of one share; I think he told me something of that kind, that he might be a nominal shareholder?—A. No, in reality he told me he was not a shareholder. He told me he would not benefit by one dollar in that.

Q. And that was the relationship of Senator Haydon, acting for Senator McDougald?

Hon. Mr. CANNON: For the company.

Mr. ROBERTSON: For the company, or for Senator McDougald. I understood him to say Senator McDougald. I will let the witness say which he meant.

The WITNESS: Well, he had reference to the Sterling Company, but he was very emphatic in telling me—he in fact told me several times—that he and his firm had no interest in the Sterling Company other than acting as solicitor for that company on behalf of the owners of it; but he did not reveal to me the reality of the position of the owners.

By Mr. Robertson:

Q. Referring, then, to your evidence given before, of course you were examined on several occasions, and I think sometimes called back to answer particular matters without very much opportunity for looking them up to refresh your memory?—A. Yes.

Q. And there seems a little confusion in one part of your evidence—

Hon. Mr. McMEANS: What page are you at?

Mr. ROBERTSON: I am referring to page 728.

By Mr. Robertson:

Q. You had some conversations from time to time, as I understand it, with Mr. McGiverin, of the firm of McGiverin, Haydon & Ebbs?—A. Yes.

Q. And you had desired to retain them?—A. Yes.

Q. Mr. McGiverin was a well-known man in Ottawa?—A. Yes.

Q. And you wanted his services?—A. Yes.

Q. Then you told us that when you saw him first he had had some retainer from some one else, or was in some way engaged by some one else whose position he thought at that time might conflict with yours?—A. Yes.

Q. That was the Shawinigan interest?—A. The Shawinigan Light, Heat and Power Company, who were our opponents for a time.

Q. Then later at some time—this is what I wanted to see if we could straighten out—at some time later you learned from him that he was not any longer under obligation to the Shawinigan people, and that he could act for you?—A. Yes.

Q. You learned that in some way?—A. Yes.

Q. Whether he came to you or you communicated with him does not matter, but you learned that?—A. Yes.

Q. Now, can you tell me whether or not that was before this bargain was made in December, 1928, to take over Sterling?

Hon. Mr. McMEANS: 1929.

The WITNESS: 1928, December.

Mr. ROBERTSON: December, 1928, is the agreement with Sterling.

Mr. MANN: Exhibit 75.

The WITNESS: It was before that.

By Mr. Robertson:

Q. That is what is confusing me?—A. I might be uncertain about it, but my impression at the moment is—

Q. If you will allow me, you were with Senator Haydon from time to time, and sometimes with Senator McDougald, discussing Sterling?—A. Yes.

Q. And his interests were certainly not yours; he was at the other end of that?—A. Yes, but—

Q. Now, if you put the McGiverin retainer earlier than that, I do not quite see how you make it?—A. It was earlier than that; that is why Senator Haydon revealed to me that he was not himself a shareholder in Sterling; that having acted for a dissenting group in some respects up to that time he tried to point out that in no sense was he getting any benefit by his transactions with the Sterling Company.

Mr. MANN: The business begins the 2nd of October.

By Mr. Robertson:

Q. There is a bill filed as an exhibit which shows a particular visit of Mr. Ebbs to Montreal?—A. Yes.

Q. Taken early in October, 1928; do you recall that?—A. I don't recall just when, but Mr. Christie would have the record when Mr. McGiverin and Ebbs started in acting on our behalf in a legal capacity.

Q. When they were acting on your behalf, as you say, the work they were doing was largely in Montreal?—A. Yes, they were back and forth to Montreal a great deal, and there was a lot of work; it meant work dealing with engineers, and differentiating between what was an engineering question and a legal, or question dealing with the validity of titles on the St. Lawrence. They had a lot to do with that.

Q. Mr. Ebbs is a man who has had a lot to do with titles, and that sort of thing?—A. Yes.

Q. Then in that connection do you recall that there was paid a retainer for an item of \$7,500?—A. Yes, I think I recall that.

Q. That was a retainer; may I put it to you this way, that Mr. McGiverin, intending to sever any further relations with the Shawinigan interests, desired a retaining fee to be paid?—A. Yes, quite so.

Q. And that \$7,500 retaining fee was paid under that arrangement?—A. Yes.

Q. And was no part of an arrangement of later date for a three-year retainer beginning with October, 1929?—A. That is where I am obscure, and I don't just recall how that subsequent retainer was arrived at on the three-year basis, except that I do remember this—that I was much concerned about not having to pay too much until I was sure that we could finance our undertaking. I was out to bargain to get the lowest fees possible.

Q. My suggestion to you is that, looking at the way matters occurred, taking particularly the \$7,500 retainer fee in October, 1928, that you were able to get the transfer arranged at that time for that payment?—A. Yes.

Q. And that other payments made later were matters of later arrangement?—A. Yes. I must admit that I am not very clear on all these things, I have had so many transactions the last three or four years that it is difficult to clarify and crystallize each one of them.

Q. Now, the application for the Order in Council granted on March 8, 1929?—You know what I am referring to?—A. Yes.

Q. I think it was filed in January, 1928; to whom was that application filed?
—A. Beauharnois Light, Heat and Power Company.

Q. By what solicitor or firm of solicitors?—A. I don't know; Mr. Griffith could tell us that.

Q. In any event it was not Senator Haydon's firm?—A. I don't know whether it was or not.

Q. They were not dealing with you at all in January, 1928?—A. No, of course not.

Q. I see there is nothing on Exhibit 35 to indicate any solicitor, but you think Mr. Griffith would know?—A. Mr. Griffith will certainly know.

Q. And that is the application that Mr. Aimé Geoffrion had particularly in charge until the end?—A. Yes.

Q. And was present, I think on the occasion when the Order in Council was passed, and pressing your application?—A. I don't know whether he was actually present on that day. There was a Committee of the Cabinet before whom the application was discussed, and all our opponents—who appeared in great numbers—argued against the idea of the feasibility of the development of the St. Lawrence. Mr. Geoffrion took the position as our counsel that day, and argued before that Committee.

Q. You do not know whether Mr. Geoffrion was here in Ottawa on the very day the Order in Council was passed?—A. No, I don't know that.

Hon. Mr. McMEANS: Do you want to cross-examine, Mr. Cannon?

Hon. Mr. CANNON: Even if I started now it is near one o'clock. Would the Committee be satisfied if I give an answer when the Committee meets again?

Hon. Mr. McMEANS: I asked that because if you did not have any questions he could go home.

Hon. Mr. CANNON: Mr. Chairman, have instructions been given so that counsel can have printed copies of the evidence?

The CHAIRMAN: Yes, as soon as it is available.

Committee adjourned at one o'clock until 2.30 p.m.

The committee resumed at 2.30 p.m.

The CHAIRMAN: Are you ready? I may say to you, gentlemen, that the reporting staff being shorthanded we shall have to adjourn at 3 o'clock for a short while, while the Senate is sitting, till say half past three.

ROBERT O. SWEEZEY—Examination resumed.

Hon. Mr. CANNON: Mr. Chairman, since the adjournment I have had time to consider whether I should cross-examine the witness or not. I may state to the committee that in view of the evidence which the witness gave last year, and which covers the whole facts in the case, in so far as my client is concerned, I do not wish to examine him any further.

The CHAIRMAN: Are you through, Mr. Robertson?

Mr. ROBERTSON: Oh, yes.

The CHAIRMAN: I did not know you had finished.

Mr. VIEN: I have nothing to ask.

The CHAIRMAN: Next witness.

Mr. SMITH: I think perhaps there is one thing I wish to take up with the witness, and if it does not arise directly out of cross-examination I am asking leave, in any event, because it is something that I had not completed before we rose. However, I had anticipated a cross-examination which, apparently, is not

taking place, and I wonder if Mr. Sweezy could stand down to permit me to think over the thing that I had in mind, and it may be that we will not require him back; but I am sure he will be glad to come if I suggest it to him. That being so, I would like to call Mr. Griffith.

The WITNESS: I did not complete an answer this morning which I started on. I wonder if I could complete it now?

The CHAIRMAN: Yes, surely.

The WITNESS: I was asked why I didn't buy the Transportation and Power Company. The answer that I gave was that I did not consider them financially worth while to bother about; but apart from that their project was an entirely different one from the one that we were offering, that is, they were going to by-pass the St. Lawrence past Lake St. Louis which I did not think could be considered for a moment by anybody, both from an engineering and economic standpoint.

Witness retired.

Mr. HUGH B. GRIFFITH, banker, Montreal, Quebec, appeared as a witness, and, having been duly sworn, testified as follows:—

By Mr. Smith:

Q. Mr. Griffith, you reside in Montreal?—A. Yes.

Q. And until recently you were the secretary of the Beauharnois Power Corporation?—A. I was.

Q. And also secretary of its subsidiary companies?—A. I was.

Q. And prior to that you were the secretary of the Beauharnois Power Syndicate?—A. That is right.

Q. And prior to that were the secretary of the Beauharnois Syndicate?—A. Yes.

Q. Now, I intend to confine my examination of you to one matter. You, I believe, can tell me what portion of the amount—estimated by Mr. Sweezy to be between \$600,000 and \$700,000—was paid by the Beauharnois Syndicate Corporation, or whatever the clothes worn by the same concern were?—A. I do not think any of it was.

Q. Well, perhaps you will amplify that.—A. The particular contributions that I understood Mr. Sweezy's evidence to deal with, that is the sums of money or securities representing moneys that were given to Senators Haydon and Raymond were, to the best of my knowledge, given out of Mr. Sweezy's own personal resources and not from the company's funds.

Q. I will confine myself to that. He told us this morning that you would be able to give us in greater particularity just what those contributions were and in what form.—A. I am afraid he was a little bit optimistic because I can only speak from recollection. I believe that it was all given in the shape of government securities.

Q. You mean bonds, I suppose?—A. Bonds, yes. I had at the time some record of the various amounts from time to time; but I quite frankly destroyed that the day after the election.

Q. Yes, and your memory of it?—A. My memory would be very defective. I can remember the straight amounts \$50,000, sixty, eighty and one hundred, but I do know that after it passed five hundred thousand I told him that he had done enough and had better stop.

Mr. SMITH: That being so, Mr. Griffith and Mr. Chairman, in view of the fact that I have sent for and will have to-morrow morning, I think, a complete list of such vouchers as are available to me, might I ask Mr. Griffith to stand down and, much as I dislike to do it, ask him to remain until to-morrow morning, and I will probably have an opportunity of taking those up with him when I get them.

By Hon. Mr. McMeans:

Q. Did you make any statement before the House of Commons Committee as to the amount of money subscribed by the company—A. Yes I did, sir.

Q. Well, I did not quite understand what you meant when you were giving your evidence just now.—A. I said that none of the amount of money that Mr. Sweezey referred to in his evidence this morning came from company funds. I understood that to be the question. There were other subscriptions which were made.

Q. I did not quite understand it. I gathered that there was no money came from company funds. Is that what you meant?—A. Oh, no, I did not say that. I said that none of the monies that were given to Senators Raymond and Haydon came from company funds.

Q. There was some money came from the company's funds?—A. Yes, sir.

Q. The amount?—A. I believe it is \$295,000. I would have to look at the previous evidence to get the total of it.

Mr. SMITH: I merely thought I would leave the whole matter until I got those vouchers.

Witness retired.

Mr. L. CLARE MOYER, barrister-at-law, Ottawa, Ontario, appeared as a witness, and, having been duly sworn, testified as follows:—

By Mr. Smith:

Q. Mr. Moyer, I believe you are a member of the law society of Upper Canada carrying on the practice of your profession in Ottawa?—A. I am also a member of the law society of Saskatchewan.

Q. I am glad to know that. I was born there. And you have been practising in Ottawa for how long?—A. 4 years,—a little over 4 years.

Q. And prior to that I believe you acted in a secretarial capacity to the then Prime Minister?—A. I did for some time.

Q. And in the course of the practice of your profession you had to do with the late Mr. Winfield B. Sifton?—A. Yes.

Q. And the particular business to which I ask you to direct your mind is the transaction in Beauharnois part interests on behalf of Mr. Sifton. Now, when did you receive your instructions from him?—A. Within a few days, I imagine,—I cannot fix the date—but within a few days prior to the 4th of April, 1928.

Q. And in what form were those instructions?—A. Verbal.

Q. And given at what place?—A. At my office in the City of Ottawa.

Q. And prior to that had you a retainer from the Beauharnois Syndicate?—A. I had. Two or three months prior to that I had been retained.

Q. And had been rendering such services as you were directed to do in pursuance of that retainer?—A. Yes, sir.

Q. And meeting Mr. Sifton then in your office as you say a few days prior to the 4th day of April, just tell us what took place.—A. Mr. Sifton came to me and said I am approaching you as a client to solicitor. I want you to invest some money for me; and he knew that I knew something about the Power Syndicate, the Beauharnois Power Syndicate. He knew that I knew that the Syndicate was in process of organization and he did not need to tell me in great detail what that involved except that he would give me money which I should invest in trust for him and in my own name.

Q. Well, now, I want you, in so far as you can, to search your memory quite exhaustively and tell me the whole conversation with the late Mr. Sifton.—A. Well, I think I have certainly given you the essence of it.

Hon. Mr. CANNON: I suppose this evidence is being received with the understanding that any such conversation could not be binding on other people who were not there?

The CHAIRMAN: Oh, no.

Mr. SMITH: Well, I may compliment you on many things but more on your ingenuity at the moment than anything else.

Hon. Mr. CANNON: That is law, that is not ingenuity.

Mr. SMITH: Well, it is ingenious law, let me put it that way.

By Mr. Smith:

Q. Then perhaps you would answer my question, granted that I have the permission of the committee. I want you to exhaust your memory and give me the whole of the conversation which took place with the late Mr. Sifton at that time—A. I have already stated that I have given you the essence of what passed between us.

Q. Very well.—A. I think that he said to me I am going to be able to subscribe for a considerable block of part interests in this syndicate. I have reasons of my own for not wanting to subscribe in my own name. I would like you to stand in my place and be a nominal shareholder.

Q. And then what next happened?—A. I duly subscribed on the 4th April for 800 part shares, paid for them, half of the value of them, with \$15,000 in cash which Mr. Sifton gave to me and which I deposited in the bank and which I issued on my own cheque to the syndicate.

Q. What I have in my mind is this: you received from him \$15,000 in cash?—A. Yes.

Q. I think in the form of \$1,000 bills?—A. That is my recollection, yes.

Q. Those bills, do you know where he got them, where they came from?—A. I have no idea, no.

Q. They are known as legals, are they not?—A. I believe so, yes.

Q. Then in what bank did you put them?—A. I put them in the Bank of Nova Scotia, New York City. We were in New York at the time and had been for two or three days.

Q. And why had you gone to New York?—A. He had asked me to accompany him to New York. As a matter of fact several of those interested in the organization of the Syndicate were in New York at the time in contact with engineers and others down there, and Mr. Sifton had told me that in taking up those part interests for him I should qualify for and become a syndicate manager, and I was more or less being initiated into this, and others with whom I would come in contact.

Q. Perhaps you will tell me where and when your first interview with the late Mr. Sifton took place?—A. In my office some time before. Shortly before the 4th April in my office in Ottawa.

Q. And after chatting with him how soon was it after that that you left for New York?—A. Oh, I should say within—I cannot say as to days—within perhaps 48 hours. It was very shortly afterwards.

Q. I suppose that was when he suggested to you that you should accompany him to New York?—A. Yes.

Q. And the reason, as I understand you correctly, for your going there was because other persons were in New York who were in association in this syndicate?—A. Yes, that was one reason, I suppose. The principal reason was—well, I don't know what his reasons would be.

Q. Well, perhaps you could make a skilled prophesy if I may call it that. What were you going to say?—A. I was going to say he probably had reasons for wanting to have this money deposited in my name in New York, in order to make it difficult for anyone to know where he had got the money. I do not know whether that was his reason; but in looking back it might have been.

Q. And you went to the bank in New York, I suppose, and made yourself known?—A. He took me to the bank and introduced me to the manager and I deposited it with him.

Q. And you became known as the owner of that deposit in New York?
—A. Yes.

Q. And is there more than one branch of the bank of Nova Scotia in New York City?—A. Wall Street. I don't remember the number.

Q. The Wall Street Branch of the Bank of Nova Scotia?—A. Yes.

Q. And that simply remained deposited to your current account, I suppose, in that bank?—A. For a short time until my cheque was cashed.

Q. Now, who were in New York when you went down there that you referred to as associates?—A. Well, I think that Mr. Griffith was there and I think that Mr. Sweezey was there.

Q. Did you see them?—A. I saw Mr. Griffith, I am pretty sure, and I think I knew that Mr. Sweezey was there; but I was in New York more than once. However, I cannot be quite certain about that.

Q. What I mean was you went down to New York, as I understood you to say, because your associates were there,—and were you there introduced to them?—A. No, I had met them before. I had met both Mr. Sweezey and Mr. Griffith before. I had been retained by them some months before.

Q. Then did you have contact with respect to the matter from mutual interest in New York on that occasion?—A. I do not recall any particular transaction that occurred. I think I did have personal contact with them, but whether or not any business was disclosed which concerned me I don't remember.

Q. Well, I am coming back to your own statement. You say that one of the reasons for your going to New York was that persons who would be in association with you as a manager would be in New York, so surely if you had some business conversations with these new associates, business which was entirely new to you, it would register in your mind?—A. I think it would have; but I don't think there was any serious business involving myself while I was on that trip.

Q. Perhaps you can leave out the word "serious." Did you have any conversation with Griffith or Sweezey in New York with respect to the Beauharnois project?—A. I don't recall any. I don't remember definitely whether Griffith and Sweezey and I were in contact in New York, although I think they were both there and I think I saw them.

Q. Then, having gone to the Bank of Nova Scotia, the money having been there deposited to your credit,—by the way how long were you down there?—A. I think two days. It was less than a week and more than a day,—I think about two days.

Q. And from what place did you make your subscription? I take it you did it by mail?—A. I don't remember. I don't remember whether it was when I got back to my own office or in Montreal on the way back. I rather think it was in Montreal.

Q. And that, no doubt, was in writing?—A. Yes; your exhibits will show that.

Q. And have you the cheque which you issued for the \$15,000?—A. I haven't, no.

Q. Where is it?—A. It has gone the way of all my old cheques. I had it until a year and a half or so ago.

Q. What you mean is that you have the habit of destroying your old cheques?—A. After they become dead wood, yes.

Q. After a certain length of time? —A. Yes.

Q. And you perhaps can approximate more closely for me when you destroyed this cheque?—A. No, I cannot tell you definitely or even approximately. It was some time before the last inquiry, before the House of Commons Committee, because I made a search then, and was reminded by the

failure to find the cheque and a lot of stubs for a period running back some distance that I did not have it, and that the others were also gone.

Q. Did you have a bank book covering this account in New York?—A. Yes, I did.

Q. Have you got that?—A. No, I cannot find that.

Q. Where is it?—A. I think it went the way of the cheques. There was nothing in this account except the one transaction.

Q. Except the one entry?—A. Yes.

Q. In other words, save such records as may be in the bank you know of no records which can assist this committee with respect to those fifteen one thousand dollar bills?—A. I am sorry to say I don't.

Q. And they were, as I understand you, destroyed according to your usual habit?—A. Yes.

Q. Was this cheque destroyed any more quickly than you usually destroy them?—A. I don't recall anything specific about its destruction at all.

Q. You do not recall any discussion or anything of that sort?—A. None whatever.

Q. Now, Mr. Sifton died on the 13th day of June?—A. Yes.

Q. You no doubt had this cheque then because he only issued it about the 4th April?—A. I had it no doubt for a long time after that.

Q. And you had no instructions from Mr. Sifton except verbal instructions?—A. Entirely verbal.

Q. Did it not occur to you that with nothing but verbal instructions upon which you acted, after he died it was a reasonable thing to do to preserve this evidence of this money?—A. I think it is almost certainly a fact that I did preserve them until I ceased to be his trustee. I don't know for certain but I think it is altogether probable that I had those cheques and everything else for a year after that.

Q. What I have in my mind, Mr. Moyer,—and you no doubt have a perfectly good answer to it—by the way the second \$15,000 you received from Mr. Sifton?—A. Yes.

Q. By way, I think, of a bank draft?—A. Yes.

Q. In any event, you have no way of tracing that?—A. No, I have tried to trace that.

Q. To the credit of what account did that go?—A. I deposited that to my own account in the then Standard Bank in the City of Ottawa.

Q. And that, of course, no doubt went back to the bank?—A. No doubt, and I have tried, I may say, to run it down; but the bank cannot produce it.

Q. You are, no doubt, able to tell me of the \$15,000 deposited in your own bank. I mean to say, chaps like you and me don't usually handle large sums of money like that. You have probably found out the date of the deposit of that \$15,000 draft?—A. Yes.

Q. What was that?—A. I mentioned that in my last evidence before the other committee. I cannot tell you, but I know it is in the records.

Q. At the moment you have no recollection?—A. I think it is there. I am pretty sure it is.

Q. If it is not perhaps you will be good enough to find out for me?—A. Yes.

Q. And then having spent this \$30,000 you subsequently subscribed for 1,600 part interests?—A. Yes.

Q. And you took on a liability there of \$160,000?—A. Yes.

Q. Yourself?—A. Yes.

Q. And on whose instructions did you make that subscription?—A. On Winfield Sifton's instructions.

Q. On Winfield Sifton's instructions. And can you tell me when you received those?—A. Well, let me see.

Q. Shortly, what I have in my mind is this: did you receive those instructions at the time that you bought the first 800 part interests?—A. No.

Q. Did he tell you then that later he would ask you to subscribe?—A. No, he did not.

Q. So you saw him again?—A. It was a picture that evolved as we went along.

Q. Having in mind the date of his death—the 13th June—probably you could place for me how long prior to that it was that he instructed you to apply for the 1,600 part interests?—A. My cheque which was, I think, drawn the same day on which I deposited the \$16,000, was dated the 26th of May. His instructions, I think, were within a day or two days before that.

Q. I think he was quite ill at that time, was he not?—A. He was not well.

Q. Was he up and about?—A. He was about. I think he was up that day. He had been ill, and had had a bad seizure.

Q. Did you receive those instructions from him in Ottawa?—A. In Montreal.

Q. In Montreal?—A. Yes.

Q. And had you gone down to Montreal at his request?—A. No, I think not. I was in Montreal a great deal during that period. I was a syndicate manager and there were meetings frequently, and Sifton and I were working together as common solicitors in the employ of the company and we were naturally—

Q. You mean solicitors in the common employ of the company, not common solicitors?—A. And our activities were very closely bound up together throughout this period, and I am pretty certain it was in Montreal that he gave me the instructions. I know that I was there twice a week all through that period.

Mr. SMITH: I observe, sir, it is 3 o'clock, which is the time you said you were going to adjourn.

The CHAIRMAN: Yes. We had better adjourn until half past three.

The committee adjourned at 3 o'clock to resume at 3.30 o'clock.

The Committee resumed at 4.30 p.m., all members of the Committee being present.

Mr. L. CLARE MOYER was re-called, and his examination continued.

By Mr. Smith:

Q. Mr. Moyer, when the Committee rose a few minutes ago, if my memory serves me right, we were discussing or had discussed trips that you made to New York, and I think you spoke of having had no discussion with those persons with whom you were to be associated in the Syndicate on that trip?—A. I think that is a fair summary of what I said, what I recall.

Q. And the fact that at that time, or shortly after, you paid \$15,000, and had assumed a liability for a further \$15,000 for the late Mr. Sifton?—A. That is correct.

Q. And I think you said that later in the month of May you received from him a further \$16,000?—A. Yes.

Q. I do not think I asked you what form that money was in?—A. That was, as in the case of the second \$15,000, a bank draft.

Q. Can you tell me what bank those drafts were on, or either of them?—A. I cannot. I deposited them in my own bank, that is the Standard Bank of Ottawa, and I tried since, as I said a while ago, to find out from the bank what was the form of the draft, but they can give me no information on that point.

Q. Naturally they could not, but I was wondering if you know what Mr. Sifton's bank was?—A. I do not; I expect it would be in Brockville; he was living near there at the time. I do not know that.

Q. Do you know where the drafts were issued?—A. I suppose Ottawa, but I cannot say definitely.

Q. You do not remember the place upon which they were issued nor the bank which issued them?—A. No.

Q. You are convinced they were bank drafts?—A. Yes, I am sure of that.

Q. So when you got the \$16,000 you then made application for 1,600 part interests, and incurred a liability of yourself of \$144,000?—A. After I had paid the \$16,000, yes.

Q. You then incurred a further liability of \$144,000?—A. Yes.

Q. Now, had you anything in writing with respect to that second purchase?—A. I have nothing in writing in respect to any purchase, except my application to the company in each case.

Q. Shortly put, then, your position was that on behalf of Mr. Sifton you incurred the first liability to yourself of \$15,000, and secondly, after that was paid, a further one of \$144,000, and there was nothing in writing setting out this trust which you made?—A. That is correct.

Q. And nothing, no documents of any kind whatever which exist to-day which will throw any light on the transaction?—A. I do not know of anything of the kind.

Q. Now, you became a syndicate manager?—A. Yes.

Q. And you attended meetings of the syndicate?—A. Yes.

Q. I notice your name in the bottom of resolutions and things of that sort?—A. Yes.

Q. And you became somewhat active, did you not, in the affairs of the managing committee of the syndicate?—A. As active as a syndicate manager would be.

Q. I have never been one; but in that way you would meet Mr. Sweezy?—A. Yes.

Q. And no doubt have had many conversations with Mr. Sweezy?—A. A great many.

Q. And what did you tell Mr. Sweezy your position was?—A. Just what do you mean by that?

Q. I do not want to offend you, but if I were anywhere representing \$160,000 everybody would think there was something peculiar about it, and just wonder; you may be a very substantial man financially, I don't know, but I wondered if you told Mr. Sweezy what your position was?—A. I assume Mr. Sweezy knew I was not representing myself, and I thought he knew all about it.

Q. Did you have any discussion?—A. On that point, none.

Q. That would communicate that knowledge?—A. No.

Q. Or with Mr. Griffith?—A. No.

Q. You were simply accepted, and what was in their minds I suppose you do not know, as there was no discussion?—A. No, there was no discussion.

Q. Now, Mr. Sifton died on the 13th June, 1928?—A. Yes.

Q. Left you with a liability of \$144,000; did you know what was going to take place, or who was going to take care of that liability?—A. I did not. I cannot say yes to that question definitely, but I did know that I had instructions to do nothing in the event of his death until I received orders from Senator McDougald, which I did eventually receive.

Q. Now, when did you get those instructions from Mr. Sifton?—A. I cannot tell you the date. I think it would be within a month of his death, but as to the date I have not anything to fix that. He had been ill shortly before, and I know he was ill about six weeks before he died.

Q. You think it would be about a month before his death?—A. Within a month of his death.

Q. Where were you when you got those instructions?—A. In Montreal, I remember, when we are at the Ritz Hotel.

Q. I think you had gone down there on business in connection with this Beauharnois Syndicate?—A. Yes.

Q. And just what was said to you at that time?—A. Sifton said, "I am in rather a precarious state of health"—or words to that effect—"something might happen to me suddenly before I have completed the plan in which you are acting as my assistant. If I should die suddenly just do nothing; wait for instructions from Senator McDougald."

Q. And you were content to take a liability of \$144,000 on those bare instructions?—A. I was. There had been a relation of mutual trust from the beginning, and I accepted his instructions on the implication that I was protected.

Q. Then I take it, as far as you were concerned, coming back to what I asked a moment ago, you thought Senator McDougald would stand behind the liability of \$144,000 which you had incurred?—A. Well, I thought he himself or somebody else would do it. I had no occasion to work out the details of a hypothetical situation.

Q. I am not doubting you, but it seems a startling thing that a man would have a liability on himself of \$144,000 for some one else, and not know exactly who that some one else was, and when it was to be discharged; did not that occur to you at all?—A. As a matter of fact I thought the liability at that time was an asset.

Q. Is that your view then?—A. Yes, that point had not occurred to me, really. You mention it as a liability, but I think it would be open to the argument that it might have been an asset.

Q. I want to get your point of view; you tell me now you did not worry about it because you thought these were your protection; what was your position?—A. My position was, as I tried to say a few minutes ago, I assumed that Sifton had made complete arrangements to relieve me of this stock, or if not, someone else would give me the money to pay for it. I was simply a figure-head, if you like, in his place; I had done what he told me in his lifetime, and I did after his death what was told me in his lifetime to do in that event; that, shortly, is the position I took.

Q. But have you not got a note in a diary or something of the sort which will fix certain things which I regard as essential dates, for example, the time you got your instructions in Montreal? Where did you stay in Montreal at the time you got your instructions from Mr. Sifton that you would take instructions from Mr. McDougald in the event of his death?—A. Well, we always stayed at the Ritz Hotel, I think, and I am pretty sure it was in the Ritz on that occasion.

Q. Have you no blotter of your own in your office which would indicate that you were there?—A. I have currently, but not as far back as that.

Q. You have not anything as far back as that?—A. No.

Q. Then your position is that you can be of no assistance to me whatever in more exactly determining that date?—A. I cannot determine it. I might say this: I know I was in Montreal on the 18th May, on which day I paid the company the second \$15,000. I think you will find that in the record of the previous examination; and it may have been that day; I cannot say definitely that it was, but it would not be before that, I think; it might have been that day or very shortly after.

Q. I also observe that in the agreement about transferring the assets of the Beauharnois Syndicate to the Beauharnois Power Syndicate you signed for the Beauharnois Power Syndicate on the 4th of April?—A. Yes.

Q. As secretary-treasurer, and the late Mr. Winfield B. Sifton is the witness to the signatures to that document, with the exception of Mr. Swezey's?—A. I do not remember the details which you mention.

Q. Probably if you look at page 7 of Exhibit No. 58 you will observe—
R. W. Steele and Mr. Hugh B. Griffith for the Beauharnois Power Syndicate, and F. S. Molson, President, and yourself as secretary-treasurer, with Mr. Winfield B. Sifton as witness to all the signatures with the exception of Mr. Sweezey?—A. Yes. I do not remember that being done, but I have no doubt it is correct. I remember being in the office on that morning.

Q. I am wondering if you remember the names of these parties who were there?—A. I think they were all in when that was signed.

Q. And during the time of the discussion of the sale of the assets?—A. Yes.

Q. And Mr. Sifton was present on that occasion?—A. He was in and out of the office. Whether he took part in the discussions I could not say.

Q. You see, this is the first time you acted as a manager of this huge concern; just what were the discussions that occurred; surely that would impress itself almost indelibly on your mind? What took place that morning?—A. The record indicates the only thing that took place—the emergence of the Syndicate into the Power Syndicate.

Q. But was there no further discussion of where we went from there, so to speak?—A. No.

Q. I notice on some occasions—at least on one occasion—you disagreed with Mr. Sweezey at this meeting of syndicate managers, do you remember doing that?—A. No, I do not.

Q. From whom did you take your instructions as a syndicate manager?—
A. Invariably from my client, Mr. Sifton.

Q. And did you take any from anyone else at any time?—A. I do not recall any. I may have done in some detail in which Mr. Sifton would have been presumed to concur, but in anything that mattered I was under his orders.

Q. You must have had constant discussions with Mr. Sifton?—A. Oh yes, we were together continually.

Q. As to positions you should occupy as a manager of the Syndicate, did you in those many discussions ask some greater assurance as to your personal position than you had at that time?—A. No, I don't think I did.

Q. Now, these shares that you had became part interest—3,200 in all?—A. Yes, actually 3,201.

Q. The one was the management share?—A. For which I paid \$100 of my own money.

Q. What became of that share?—A. I eventually converted it and got what it was worth on the market after the last syndicate became the company—corporation.

Q. The management share of that was no more use than perhaps an ordinary share?—A. Well, it was only an ordinary share at any time. I was entitled, as manager, to subscribe for one, which I did.

Q. The balance of that, that is the 3,200, what happened to them?—A. I transferred the certificates for 1,600, and my application, and credit on the remaining 1,600, on the 2nd of October I think it was—yes, October 2nd,—to Mr. Ebbs in 1928.

Q. That is Mr. Ebbs, solicitor, of Ottawa?—A. Yes.

Q. And between the 13th day of June, the date of Mr. Sifton's death, and the 2nd of October you had a number of calls from the Beauharnois Company?—A. I had two or three calls, yes.

Q. For balance of the payments due on the 1,600 for which you had subscribed?—A. Yes.

Q. Why did you not communicate with the man whom Sifton told you you were to take instructions from with respect to this?—A. No, I did not.

Q. Why did you not?—A. Sifton's instructions were that I should do nothing in the event of his death until the man whom he had named came to me with instructions. He was very explicit about that.

Q. Granted the Beauharnois Syndicate determined to make collection from you, do you think it would have moved you then to communicate with some one?—A. That is pretty hypothetical. I suppose it would have done, but that necessity did not arise.

Q. And that is all you have to say as to that—simply that you did not communicate with Senator McDougald or anyone on his behalf, even though the Syndicate were making calls upon you two or three times for payments or balances due subsequent to the death of Mr. Sifton?—A. Yes.

Q. I take it that from that time you had your interest in this matter entirely gone?—A. On the second of October I ceased to be syndicate manager, and ceased to have any interest in the company except that one share that I sold afterwards.

Q. Prior to the 2nd of October you continued to act as a manger of the Syndicate?—A. Yes.

Q. And of course you knew, from your position, of those calls being made?—A. Yes.

Q. In fact, you probably made them?—A. No, I did not make any.

Q. I am sure some one must have done so under your directions—yours and others?—A. I was not the secretary at that time. I was secretary only for one day.

Q. You were used for the purposes of transfer?—A. Yes.

Q. Mr. Griffith then took over?—A. Yes.

Q. In fact those calls were calls passed by the syndicate managers?—A. Yes, no doubt they were.

Q. Was there any discussion about your failure to meet your obligation?—A. None—none that reached my ears, I mean.

Q. None within your power as a manager, there was no such discussion?—A. No.

Q. But those who were calling seemed to be quite satisfied that you were delinquent?—A. I had no indication of dissatisfaction.

Q. The thing simply was not discussed?—A. Yes.

Q. I call your attention to page 41 of Exhibit No. 58, and I see this motion, which I perhaps had better read to you:—

The position of Syndicate Members who have the right up until three o'clock to-day, under offering of shares made to holders of record by virtue of resolution passed April 14th, was considered.

The WITNESS: Pardon me; what is the date of that?

Mr. SMITH: The date of that is the 18th May, 1928, at 12 o'clock noon, at 136 St. James Street, Montreal, and I find this resolution on that date. Apparently there was a prior resolution giving persons who had not subscribed, as your case, to 1,600, until 3 o'clock of that afternoon to make their subscriptions at \$100 per share. The record proceeds:

There was some discussion, and it brought to the notice of the meeting that certain members of the Syndicate had not taken advantage of these rights, but had given notice that they intended to do so.

It was moved by Mr. Moyer, seconded by Mr. Griffith, that all rights not duly and regularly taken up and completed by three o'clock this afternoon should be forfeited. Mr. Sweezey strongly opposed this motion. The motion was passed on division, Mr. Sweezey dissenting.

At that meeting there were—R. O. Sweezey, H. B. Griffith, L. C. Moyer and H. M. Knight—is that a stenographer, a lady?—A. Yes.

Q. I suppose not an active person in the Syndicate affairs?—A. She was a member of the staff of Mr. Sweezey's firm.

Q. She is just like some of our lawyers use some members of their staff; I wonder if you recollect that occasion when Griffith, who had no holdings

of yours, at least very indifferent holdings of yours, and you out-voted Sweezey?—A. I don't recollect the discussion. I recollect the motion now that you read it, but not the discussion, if any.

Q. That was probably the only time that you and Mr. Griffith out-voted Mr. Sweezey—You may accept this in so far as I am concerned, it is the only time I can find?—A. I recall only once.

Q. Is not that impressed on your mind?—A. No, I am sorry it is not.

Q. Mr. Sweezey strongly opposed this motion; the entry says that the motion was passed on division, Mr. Sweezey dissenting; now, cannot you recall that discussion at all?—A. I cannot.

Q. Can you tell me whether or not you consulted anyone with respect to how you should vote on that motion?—A. Well, I would say the only person I could have consulted, and the only person on whose orders I would have acted as I did, were those of my principal.

Q. You are simply reasoning?—A. Yes, I am describing the obvious course that I would have pursued.

Mr. SMITH: That is all, Mr. Moyer. Shall I proceed, sir?

The CHAIRMAN: Yes.

Mr. SMITH: Call Mr. Ebbs.

Mr. JOHN P. EBBS, Ottawa, Ontario, barrister-at-law, appeared as a witness, and, having been duly sworn, testified as follows:—

By Mr. Smith:

Q. Mr. Ebbs, you are a barrister and solicitor carrying on the practice of your profession in Ottawa?—A. That is right.

Q. You are presently associated with the firm of Haydon and Ebbs, your partner being Senator Haydon?—A. Yes.

Q. Prior to that your firm was McGiverin, Haydon and Ebbs?—A. Yes.

Q. I believe Mr. McGiverin is dead?—A. He died a year ago last February.

Q. That would be February, 1931?—A. Yes.

Q. And when did he sever his connection with your office?—A. He severed his connections with the office, I think, on the 1st October, 1930, I think just six months prior to his death. He went out to Victoria.

Q. You received some part interests from Mr. Moyer, the last witness?—A. Yes.

Q. Under what circumstances did you receive them? How did it come about?—A. The transfer of the part interests that Mr. Moyer held were transferred to me, as I recall it, at Mr. Sweezey's office, Mr. Griffith, Mr. Moyer and myself being present, about October 2nd, I think, 1928. I have not looked over this docket of evidence, or whatever it was, very much, so if I am wrong as to dates you can correct me. October 2nd, 1928, I think was the date that I appeared at Mr. Griffith's office, and there were 3,200 part interests transferred to me—1,600 I think which were fully paid for, and 1,600 which were not fully paid for.

Q. Under whose instructions were you in Mr. Griffith's office to receive those part interests?—A. I was there under instructions from our own office.

Q. From whom?—A. Well, I don't know just which one of the firm it was. I was not a partner in the firm at that time, you know; so on instructions from the firm—whether it was Senator Haydon or Mr. McGiverin, I don't know which.

Q. It was one of the firm?—A. It was one of the firm.

Q. That instructed you to be there?—A. Yes.

Q. What were you to do?—A. I was to represent these part interests in this syndicate.

Q. And you became a manager of the syndicate?—A. I was, I believe, the next day or the day after, at a meeting of the syndicate managers; I was made a syndicate manager to represent these interests.

Q. From whom did you get your instructions as to the operation of that syndicate?—A. From whom did I get my instructions?

Q. You are not a power man; you are a lawyer?—A. I hope so.

Q. This project was a power project?—A. Yes.

Q. From whom did you get instructions as to your attitude at the various meetings which you attended?—A. Well, I don't think I got any instruction from anybody as to the meetings that I attended. After the meetings I know that I discussed some of the things with Mr. Henry, and I think perhaps with Mr. Henry alone. I don't want to say alone, because I am not altogether certain of that.

Q. In your position, then, in so far as your share of the management went in this concern, you were on your own?—A. What do you mean—that I managed something on my own? I have not seen the minutes of the meetings of the syndicate managers that you may be referring to. Now, if you can tell me just what it is you are referring to I will be able to tell you just exactly where I got the instructions.

Q. What I have in my mind is this, that you attended a number of meetings of the syndicate as a member?—A. That is right. I haven't a copy of this at all.

Q. You took part as a manager, that is in the direction of this syndicate. What I want to know is, in forming your judgment as to things done, who instructed you?—A. About what? It is just—I don't know what was actually done there because, as I say, I haven't seen these minutes, I don't think I ever saw those minutes written up. If you could just give me an idea as to what was done there I think I would be in a better position to answer your question.

Q. Probably I can let you look at this later, you can then make up your mind on that part of it?—A. All right.

Q. Now, you subsequently disposed of these part interests?—A. I don't know that I disposed of them, they were never mine.

Q. You got rid of the physical possession, and the title, naturally?—A. Yes, that is right.

Q. And to whom did you dispose of it; or, to whom did you divest yourself from it?—A. You mean of the equivalent that came from the company; of the syndicate part interest?

Q. Yes?—A. Senator McDougald.

Q. And you were holding these part interests for Senator McDougald from the beginning, there is no doubt about it?—A. That is right, no doubt about that.

Q. And you did issue the contract, if I may call it that, to Senator McDougald on the 28th of December, 1928?—A. As soon as they were put into my name I immediately gave him something to show that in the event of anything happening to me that these things did not belong to me or to my estate.

Q. And you gave him such assurance as in your judgment was necessary to bring that about?—A. You are right.

Q. And then you became President of the Sterling Industrial Corporation?—A. Some time, not then.

Q. Later you were the President of Sterling Industrial, I believe it was first organized in 1926?—A. I cannot tell you that, still, as you said a moment ago it was set up in the office and I was made president.

Q. Did you approach Mr. Sweezey with respect to the sale of Sterling Industrial to him, or to Beauharnois?—A. No.

Q. That date was 26th September, 1926?—A. That was when I was appointed president of the company.

Q. And did you have anything to do with the sale of the Sterling Industrial to the Beauharnois group, or interest, whatever you call it?—A. No, sir.

Q. And from what date was your firm under a retainer, I do not mean a money retainer—from what date was your firm operating for the Beauharnois syndicate—I think about the 2nd of October, 1928?—A. I think that is correct.

Q. Then did you know of the arrangements made by your firm with Mr. Sweezey, or with the Beauharnois people, by way of retainer?—A. No, I did not.

Q. There is a written agreement of which you have knowledge with respect to the payment of fees, the sum of \$50,000—I beg your pardon, I am wrong. Do you know about any arrangement, do you know of the payment of that money?—A. I know there was money paid into the firm but I do not know anything about any of the arrangements.

Q. You know nothing about the arrangements?—A. As I said a moment ago I was not a partner in the firm.

Q. Were you a partner in the firm when the money was paid?—A. No, I was not a partner until, I think, 1930.

Q. All right, I will leave you with that, not until 1930. I should have asked you did the money for the payments on your part interest, the remaining 1,600, did you take them from?—A. I think the books will show there were two payments made by me, one of \$10,000 and one of \$15,000. The balance of the payments then, as I recall it, were made in some way by Mr. Griffith. I do not know how that was done.

Q. They were made by Mr. Griffith for someone of whom I have no knowledge?—A. No.

Q. Where did you get the money to make these payments?—A. I think from Senator McDougald.

Q. Is there any doubt about that?—A. I don't think so, the books would show that.

Q. I haven't got your books?—A. I mean the Beauharnois books, I think that was what it was, I know it wasn't my money anyway.

Q. Do you remember getting it?—A. I can't recall distinctly now at this date having got it, but I would say that I got it from Senator McDougald.

Q. Do you mean to say you are not sure where you got it?—A. If I were getting it for myself perhaps I would remember it. It might have been in my office but I was merely turning it over to the Beauharnois people.

Q. I agree with you, in what form did you get it?—A. I don't remember that.

Q. Are you quite serious when you say that you turned over to Senator McDougald \$15,000 and again \$10,000 and you do not know in what form you got it?—A. That is right.

Hon. Mr. CANNON: If it will help my learned friend at all, he acted for Senator McDougald and he received the money from Senator McDougald.

Mr. SMITH: It seems rather mysterious that he cannot recall when he received it.

Hon. Mr. CANNON: There is no mystery about it.

Mr. SMITH: I agree with you most heartily, I do not see how there could be.

By Mr. Smith:

Q. But the fact is you did get these moneys and you turned them in to the Beauharnois syndicate?—A. I would say so, yes.

Hon. Mr. CANNON: As the lawyer for your client, it was not only that, as a matter of fact, in trying to recall that, it was only last year I think that I talked the matter over with Mr. Griffith.

Q. Do you know anything, or did you take part in any conference leading up to or having to do with the purchase of the Sterling Industrial Corporation?—

A. No, that is not before the agreement was drawn up. I think that Mr. Heward and myself drew the agreement regarding the transaction, that is all.

Q. You refer to the agreement, Exhibit 75, between the Beauharnois power syndicate, John P. Ebbs and Lyla Brennan?—A. That is right.

Q. And there was another one extending the time?—A. That is right.

Q. Exhibit 75 is an agreement made in your office, and this name here, Lyla Brennan, who is that?—A. An employee of our office.

Q. In fact, all the incorporators of the Sterling Corporation were persons in your office?—A. That is right.

Q. You told me, I think, you had nothing to do with the negotiations leading up to Exhibit 75; you simply prepared it from instructions?—A. That is right.

Q. From whom?—A. I think Mr. Henry gave me the figures there and indicated with Mr. Griffith, and with Mr. Heward, of the Meredith-Holden firm in Montreal, where this was run off.

Q. Well, what I am coming at is this, you divested yourself, at least your company divested itself of its assets, whatever they were, and in your recollection you think perhaps the instructions came from Mr. Haydon?—A. Yes, or perhaps Mr. Griffith.

Q. Did you receive any in your office? You have heard, in this room?—A. But I wasn't here then, I just came in this afternoon.

Mr. ROBERTSON: I would prefer that you see what he knows about it, not you tell him.

By Mr. Smith:

Q. Now you answer me and tell him what you recollect as to the instructions you got for the preparation of Exhibit 75?—A. Well, my recollection of that would be—

Q. Not what it would be, what is it?—A. Well, as I say, that agreement was drawn by reason of instructions that I received from Mr. Henry or Mr. Griffith.

Q. Where did you get it, what town? I beg your pardon, I should say city—What place?—A. I do not know whether it was Ottawa or Montreal.

Q. Where was the agreement drawn?—A. I can't even tell you that.

Q. Well, Miss Brennan's name on it should perhaps help you?—A. No, that is not help. It might be drawn in Montreal by Mr. Heward, he was acting as solicitor for the syndicate, either one of us might have drawn that. I do not recognize the typing.

Q. Everybody seems to be going to Mr. Griffith, however, I will ask him about that. I think that is all I have, you will excuse me just a second, please.

By Mr. Robertson:

Q. You put in a bill or schedule of disbursements in the Commons inquiry, your expense account covering the period I think from October 2, 1928, up until perhaps the early fall of the next year, until about the time of the incorporation of the Beauharnois company. You remember?—A. I remember the bill, but I just don't remember for what dates, for what time it was. I don't think I did much extending beyond that.

Q. The question I want to ask you then is this: During the whole period commencing with October, 1928, when you were rendering services for the Beauharnois power syndicate, or company, did you, or did any member of your firm, to your knowledge, have anything to do with obtaining the Order in Council of March 8, 1929?—A. Nothing whatsoever.

By Mr. Smith:

Q. You speak of yourself?—A. The question as I recall it was, of myself, or to my knowledge of any member of the firm.

Q. To your knowledge?—A. That is right.

Mr. SMITH: These are all the witnesses, sir, that we have here to-day.

Hon. Mr. McMEANS: What time in the morning would you be ready?

Mr. SMITH: This has gone much more quickly than I expected. I hope to have Mr. Griffith here to-morrow morning. I can't go on with him until I get those vouchers from Montreal which he said would be here to-morrow morning.

The CHAIRMAN: Is that all the witnesses you have ready?

Mr. SMITH: I have none ready.

Hon. Mr. McMEANS: No other witness beside Mr. Griffith?

Mr. SMITH: The position is, sir, as I explained this morning, that until we had heard the evidence of Mr. Sweezey we were not in a position to make up our minds as to whether we could then act—I have not yet had any opportunity of consulting Mr. Mann to determine anything further.

The CHAIRMAN: We had better adjourn until to-morrow at 11 o'clock. I do not know what the views of the committee are, but it has been suggested that we adjourn at 1 o'clock until the following Tuesday—sit to-morrow at 11 and continue until 1 o'clock if necessary, and then adjourn until Tuesday, because some members of the committee want to go out of town over week.

Rt. Hon. Mr. GRAHAM: What time Tuesday—Tuesday morning at 11 o'clock?

The CHAIRMAN: I am mentioning it now for the information of counsel as well as the committee. If that is agreeable to the committee we will go on with that understanding. Is that satisfactory?

Mr. J. W. Cook, K.C.: May I be allowed to say one word? We will not be expected, I understand, to go on to-morrow morning with the presentation of the case for our clients.

The CHAIRMAN: We will not take anybody by surprise. I merely wish to meet the wishes of the committee as far as possible.

Mr. MANN: Mr. Smith and I would necessarily have to discuss for a few moments the witnesses we will call to be here next Tuesday morning. Mr. Smith has a witness who, I think, will occupy a substantial part of to-morrow. I take it that my Right Honourable friend at my right (Rt. Hon. Geo. P. Graham) will allow me to mention the names of witnesses to the Chairman without going back to him.

Rt. Hon. Mr. GRAHAM: In my hearing, yes.

Mr. MANN: Has it got to be in your hearing?

The CHAIRMAN: I think you have behaved all right so far.

Mr. MANN: That is all right. I take it that it is with the consent of the committee that we will give you the names of witnesses we may call for the next session without further coming to the committee.

Rt. Hon. Mr. GRAHAM: You are before the committee now.

Mr. MANN: All right, sir.

The CHAIRMAN: Well then, we stand adjourned until to-morrow morning at 11 o'clock.

MINUTES OF EVIDENCE

OTTAWA, Friday, 4th March, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last Session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any Honourable Members of the Senate, met this day at eleven o'clock in the forenoon.

Present: The Honourable Senators: Tanner, Chairman, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans and Robinson.
Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, counsel for the Committee.

The Honourable Lucien Cannon, P.C., K.C., Quebec City, Quebec, Mr. John W. Cook, K.C., Montreal, Quebec; and Mr. Hugh E. O'Donnell, Montreal, Quebec, counsel for the Honourable Senator W. L. McDougald.

Mr. R. S. Robertson, K.C., Toronto, Ontario, counsel for the Honourable Senator Andrew Haydon.

Mr. Thomas Vien, K.C., Montreal, Quebec, counsel for the Honourable Senator Donat Raymond.

The CHAIRMAN: Well, gentlemen, are you ready?

Mr. SMITH: Call Mr. Griffith.

Mr. MANN: Mr. Chairman, while Mr. Griffith is getting ready to come to the chair I want to say, for the benefit of the Committee and for the advantage of counsel, that we propose to call on Tuesday—as I understand you are going to adjourn until Tuesday next—

The CHAIRMAN: Yes.

Mr. MANN: We propose to call R. A. C. Henry, Col. Thompson and Mr. Ainslie W. Greene, so that the counsel may know, and be in a proper position to deal with the matter. Those three gentlemen may take quite a large proportion of the time on Tuesday.

Mr. ROBERTSON: Those are the only ones for Tuesday?

Mr. MANN: Those are the ones we will call for Tuesday, which is the day to which the Committee is going to adjourn.

Mr. HUGH B. GRIFFITH was recalled as a witness, and testified as follows:

By Mr. Smith:

Mr. Griffith, you have been already sworn?—A. Yes, sir.

Q. The oath you have taken is still binding?—A. Yes.

Q. You were the secretary of the Beauharnois Power Syndicate, and I think of the two corporations, the Beauharnois Light, Heat and Power Company and the Beauharnois Power Corporation?—A. Yes.

Q. In your capacity as secretary you had to do, to some extent, with certain campaign funds, and you told me this morning that you thought there might be

some misapprehension, and you wished to clear up that matter; now you had probably better just do that; in the first place I can put it in this way: In so far as the corporations are concerned, has any of their money gone to and been in possession of either Senator Raymond or Haydon? I understand there was some financing done by the company for Mr. Sweezey for small amounts, some \$50,000, which was returned to the company?—A. Yes.

Q. In the ultimate?—A. Apart from that, none of the company funds went to either of the two senators for the Federal Liberal party.

By Hon. Mr. Griesbach:

Q. I did not hear your answer?—A. With the exception of some temporary financing, none of the company's funds went to Senator Haydon or Senator Raymond for the Federal Liberal party.

By Mr. Smith:

Q. The company did make contributions in provincial matters?—A. That is true.

Mr. SMITH: If I understand correctly the ruling, we do not care to go into those matters here.

The CHAIRMAN: No.

By Mr. Smith:

Q. Now, as far as you are concerned, these funds of Mr. Sweezey, did you make delivery to either Senator Haydon or Senator Raymond, or both?—A. In some cases I did.

Q. Where were those deliveries made?—A. In Montreal.

Q. In what form were the deliveries made?—A. In the form of bearer bonds—Dominion of Canada Bearer Bonds.

Q. Did you have anything to do with the purchase of these bonds?—A. On some occasions I did purchase securities, or assisted in the purchasing of them.

Q. In what amounts were those deliveries made—I do not mean with any exactness?—A. I would say in approximate amounts of \$50,000, \$75,000, or possibly as much as \$100,000.

Q. What was the smallest that you remember?—A. If you call anything smaller than an approximate \$50,000.

Q. That is the minimum, which you were giving me?—A. Yes.

Q. Have you any record of the payment of those various amounts?—A. No, I have not.

Q. You no doubt had evidences of purchase of those securities at one time?—A. I did, yes, those that I purchased.

Q. And you no doubt had written evidences of the origin of those moneys which you delivered, generally speaking?—A. Yes.

Q. And what has happened to any of the paper writings reflecting those purchases?—A. Well, I destroyed everything immediately after the payments.

Q. So that you are unable to produce anything of the kind before this Committee now?—A. Yes.

Q. You had to do with the employment of solicitors?—A. To a large extent I was responsible for that.

Q. And among those solicitors was the late Mr. Winfield B. Sifton?—A. Yes.

Q. In what capacity was he employed by you? When I say you I mean you on behalf of the Syndicate?—A. I think he might have been described as a general legal advisor. He advised not only in respect of the preliminary proceedings but in respect to corporation matters and in respect to the power development, and in respect to the commercial and financial as well as in respect to legal matters.

Q. Was he advisor with respect to political persons?—A. Yes, we respected his advice in that regard.

Q. Shortly put, did you or Mr. Sweezey have much knowledge of Ottawa affairs at the time you began to further your program in Ottawa?—A. No, I say we had practically no knowledge.

Q. And on whom did you rely with respect first, say, with respect to advancing things in the government departments—on whose advice?—A. Well, initially on Winfield Sifton's advice.

Q. And subsequently I think the first person you employed was Mr. Ainslie Greene of Ottawa?—A. I can't remember just in what order we employed.

Q. Did you employ Mr. Ainslie Greene, Colonel Thompson and Mr. Pugsley?—A. Oh, yes.

Q. And on whose advice were those gentlemen employed?—A. On Mr. Sifton's advice.

Q. In what capacities were they employed?—A. Mr. Greene was the agent in Ottawa of the Beauharnois Light, Heat and Power Company, and through his office all communications of a formal nature with the department were made. In addition to that, Mr. Greene, together with Mr. Pugsley and Colonel Thompson, were charged with the general responsibility of promoting the interests of the company—the interests of the Beauharnois Light, Heat and Power Company—with their associates and acquaintances, and charged with the responsibility of reporting to me or to Mr. Sweezey any advance which they thought would be of interest or use to us.

Q. Perhaps you would elucidate that a bit more; you have seen their bills?—A. Not for some little time, but I did see them last year.

Q. I am sure you must have a general recollection of their nature?—A. Yes.

Q. Take, for example, Colonel Thompson's bill; there were many interviews with persons in Ottawa who held public office—senators, members of parliament, and persons of that kind?—A. Right.

Q. And was that within the scope of their authority from you?—A. I would think so. They were charged with supplying information, and describing to any interested party any matter concerning the interests of our company.

Q. Is that all they were to do—describe the application? Generally what was their business?—A. I cannot go further than that. I think they were charged with the creation of a receptive atmosphere so that the company's application might be favourably received.

Q. Receptive atmosphere in whom?—A. In all those who might be concerned or have an opinion about it.

Q. Who were you applying to?—A. We were applying to the Governor in Council.

Q. Is the creation of this receptive atmosphere in that body what you were seeking?—A. I think I might better describe it if I were to say that their primary charge was, in a sense, to prevent our opponents from creating an unfavourable atmosphere—a matter of counterbalancing the very steady and persistent propaganda against the enterprise.

Q. With whom?—A. With the departmental officials, with members of parliament, with members of the government, with the civil service generally. You must remember that at that time it was by no means decided whether or not the power rights were owned by the province or owned by the Dominion.

Q. They were not the men to determine that; you had other persons advising you on that—Mr. Geoffrion?—A. Oh, his advice was definite. We were not asking their advice as to that.

Q. You were not asking the advice of those gentlemen in matters of that sort?—A. No.

Q. Perhaps I might say they were here to create a friendly atmosphere towards your application?—A. That describes it.

Q. And that application was to the Governor General in Council?—A. Yes.

Q. And they were here to prevent that favourable atmosphere being created for your opponents?—A. What is that, Mr. Smith?

Q. They were also here to prevent that favourable atmosphere being created in favour of your opponents—things that are equal to the same thing are equal to one another?—A. Yes, I can agree with that.

Q. Now, you discussed the employment of those people with Mr. Sifton, you told me?—A. Yes.

Q. What did you arrive at? How many persons were you to employ?—A. As many as could be useful to us.

Q. In other words, did you make an effort to employ—did you ever hear the word lobbyist?—A. Yes, frequently.

Q. Would that help at all in what we have been discussing?—A. That would depend on your definition of the word lobbyist.

Q. I am not permitted to define it for you, and I think you defined it fully well before this, but I want to know what was your view of a lobbyist?—A. Well, I think a lobbyist and a departmental agent are almost synonymous.

Q. Then, with your permission, I will speak of lobbyists now; so that these persons were employed by you as lobbyists, you having an application for approval before the Governor General in Council?—A. I am not sure that I should accept the appellation of lobbyist, because you must remember that a lobbyist usually is a person who is promoting a private bill or a piece of legislation, whereas we had no legislation.

Q. We will call him a departmental agent, and accept that; now, these departmental agents which you had, you first had a consultation with Mr. Sifton to determine to employ them?—A. Yes.

Q. And he made the selections, as I understand?—A. He advised the names.

Q. And was your effort to employ all the departmental agents that you could get in Ottawa who you thought could be of assistance to you? Shortly, was that what you tried to do?—A. Yes.

Q. And it was a great compliment to those three distinguished gentlemen; they arrived at first, second and third base shortly after that?—A. Yes.

By Hon. Mr. Cannon:

Q. You had others besides those three; did you not?—A. Yes, I think Mr. Moyer.

Q. And Mr. Daly?

By Mr. Smith:

Q. Tell us about Mr. Daly?—A. Mr. Daly we were unfortunately too late with. We offered Mr. Daly a retainer—I sent him a retainer—and he subsequently, shortly afterwards, returned it to me with the advice that he was acting for other interests and could not act for us.

MR. SMITH: Then I will include in the gallery of fame, for Mr. Cannon's delectation, Mr. Daly, being an affable gentleman, in whose interest I know you are speaking.

HON. MR. CANNON: Yes.

By Mr. Smith:

Q. Now, I want to deal perhaps separately with Mr. Moyer; you employed him?—A. We did.

Q. And what was his function?—A. He not only had some general instructions which were given to the other legal representatives, but we made rather larger claims on his time and services, and in fact his office in Ottawa became the office of the syndicate or company, and was used more generally.

Q. In fairness to him, he was practically a full-time employee of yours for some time?—A. I would say we had ninety per cent of his time.

Q. And you used his office in Ottawa for the purpose of the syndicate or corporation?—A. We did.

Q. And that purpose was what?—A. Largely as a publicity office.

Q. You disseminated literature from that centre advocating your position?—A. That is true.

Q. Now, with respect to the question of bills, I have no intention of taking you over the details of any of those bills, because they are already exhibits in the case, but I want to ask you this: What was the basis of your fee arrangement with those three gentlemen—I am leaving out Mr. Moyer, because I think he was doing something different; is that a fair statement?—A. That is correct.

Q. With Mr. Greene, Col. Thompson and Mr. Pugsley?—A. My recollection is that each of them received at the time they commenced to work for us a small retainer, with the verbal understanding that the matter of determination of fees would be left until it could be ascertained what period of time their services were required for, and what demands we would make on them; and I think it was largely generally understood that if the company was successful in financing itself and the syndicate became a success that we would pay a somewhat larger fee than if we were not successful.

Q. Your last statement, which was very general, would you make that a little more particular? What was your arrangement with respect to the fees with those three men? On what was it contingent?—A. Well, I hesitate to say there was any definite arrangement with respect to fees. It was a matter which was understood not only with our legal staff but our engineers and other people who worked for us, that they might expect to receive a larger fee if the company was successful.

Q. In what?—A. In concluding its entire enterprise.

Q. Are you suggesting that Mr. Greene and Mr. Pugsley and Col. Thompson were engaged on more than one thing down here? What were you seeking at Ottawa?

Mr. ROBERTSON: Is my learned friend cross-examining this witness? He is making statements.

Mr. SMITH: You would not be surprised if I would——

Mr. ROBERTSON: It is perfectly intelligent, the statement.

Hon. Mr. McMEANS: I wish you would not interrupt, and let us get on with this.

The CHAIRMAN: He has a perfect right to ask those questions here.

Hon. Mr. McMEANS: Every latitude has been allowed and will be allowed. Please do not interrupt. Let us get on with the proceedings.

By Mr. Smith:

Q. I am asking how they helped the promotion of the object you were seeking to have accomplished in Ottawa with the Government?—A. Approval of the plans of the development.

Q. And under this Navigable Waters Protection Act?—A. Primarily under that, and subsequently under the various continuing approval.

Q. I am speaking of what subsequently became Order-in-Council 422?—A. That was the immediate objective.

Q. And that was what you were seeking to have passed?—A. Yes.

Q. That is true?—A. It is not all we were seeking.

Q. It is the only application you had before the Government when you employed those three men?—A. Oh, yes, true.

Q. And those three men were employed to assist you in passing the Order in Council, P.C. 422?—A. Yes.

Q. Then what arrangement did you make in respect to fees with those men, having regard to the passage of what became P.C. 422?—A. None at all.

Q. No relationship whatever?—A. None at all.

Q. Then when you said a moment ago that their fee was dependent on the success of your enterprise, what you meant to say was, irrespective of the success of their work; do you intend that?—A. No, I don't think so, because I think that their work certainly was contributory in part to the success of the enterprise.

Q. The passage of P.C. 422 was essential to the success of your enterprise?—A. Yes.

Q. They were engaged to assist in the passing of P.C. 422?—A. Yes.

Q. And the arrangement you made with respect to fees was a more generous fee if the enterprise succeeded?—A. Yes; I think I might put it this way—that we would postpone discussion of a fee until we had finished—until we had determined whether the enterprise was going to be a success.

Q. Then we will take it, what actually did happen, you finally paid them fees?—A. Yes.

Q. Was the amount influenced by the success of the enterprise at the time of payment?—A. It was influenced by our capacity to pay.

Q. Just answer the question; were there not particular influences?

The CHAIRMAN: Mr. Griffith, many people here are quite familiar with this business. You have these lawyers here. We know what they were working for. There is no use beating about the bush in the matter. You can help this by being frank.

The WITNESS: I think I am being frank.

The CHAIRMAN: You did not employ those people for nothing. Everybody that has been in politics knows what they were here for. We see them every day.

Mr. SMITH: Don't think I am criticising. I am not suggesting any wrong. What I want you to tell me is this: you said a moment ago that there was a general understanding that the amount of the fee should be determined having regard to the success of the enterprise.

The WITNESS: Yes.

By Mr. Smith:

Q. In other words, it is not a very unfair assumption to say that if the enterprise succeeded the amount of the fee would be greater; that is what you meant?—A. Naturally; quite.

Q. And the passage of P. C. 422 was a sine qua non; without P. C. 422 your enterprise could have no success?—A. I think that is true.

Q. So that on the passage of P. C. 422 the business upon which they were engaged and for which they were employed depended, and the amount of the fee to some extent?—A. Yes, that is true.

Q. As I understand it, you had nothing to do with the negotiation of the agreement for the absorption, or purchase rather, of the Sterling Industrial Corporation?—A. That is true.

Q. You did have to do with the making of those formal documents, the drawing of the agreement?—A. That is correct.

Q. But you did have nothing to do with that negotiation?—A. No.

Q. Now, regarding the campaign funds, you were kind enough to see me this morning, and we had a long discussion of all these matters?—A. Yes.

Q. Is there anything that you have in mind? You know what this inquiry is about, don't you?—A. Quite.

Q. I am confining myself, of course, to Senators Haydon and Raymond; is there anything further that you can tell this Committee with respect to the payment of those funds, which may be of value to us?—A. No, I think I have nothing to add.

Q. One thing I should have asked you; Mr. Sifton died on the 13th day of June, 1928?—A. I think that is right.

Q. Can you tell me at what time you learned that Senator McDougald was interested in Beauharnois? I give you that date because I want to speak in respect of it?—A. I fear, I cannot determine the date with any degree of exactness. I can say that at the time that Mr. Moyer subscribed for part interests in the syndicate I did not know that Senator McDougald was interested. At the time that Mr. Sifton died I did know that Senator McDougald in some way, which was not clear to me, had become interested in Mr. Moyer's holdings. Mr. Sifton had intimated that to me some time before his death. I cannot fix with any definiteness the date on which that happened.

Q. Did you confirm that with Senator McDougald?—A. After Mr. Sifton's death.

Q. Not until after his death?—A. Not until after his death.

Q. And you simply say that at some time between the 4th of April and Mr. Sifton's death you learned it, but you cannot give it to me any closer than that?—A. I cannot. I would have to choose a date midway between, to be fair to myself, probably.

Q. I do not want you to guess at it, if you do not know?—A. No, I am afraid I cannot tell you.

Q. Let me put it in this way: You were, of course, interested in your associates in the carrying on of this enterprise?—A. Quite.

Q. Did you use any diligence to find out who they were, or was that left largely to Mr. Sweezy?—A. I think we were both equally interested. I can say frankly, without being unfair to Mr. Moyer, that we would not have accepted Mr. Moyer's subscription if we had not felt that he was acting for somebody of more substance than Mr. Moyer was at that time. And we accepted Mr. Moyer's subscription at the request of Mr. Winfield Sifton and on his verbal undertaking that he would be responsible for the payment that that involved.

Q. That was the situation, that Mr. Sifton gave you his verbal assurance?—A. Yes.

Q. Were you in New York when Mr. Sifton and Mr. Moyer visited that city?—A. I was trying to recall that yesterday. I have been in New York on several occasions when Mr. Sifton was there. I recall one occasion when Mr. Moyer was there as well, but whether that was the occasion referred to by Mr. Moyer, I do not know.

Q. Were you aware of the deposit of those moneys, of those fifteen \$1,000 bills in the Bank of Nova Scotia in New York?—A. No, I was not. I might qualify that. I must have been aware at some time of the fact that Mr. Moyer was paying me from a New York bank account, because although I do not recall the form in which the payment was made, I must have known it at that time.

Q. You are reasoning now. I am asking you for your recollection.—A. I have no recollection or knowledge.

Q. If you were paid on that bank, of course you would be paid in New York funds of some sort; but I am interested in your recollection of that trip.—A. No, I have no knowledge or recollection.

Q. What was your first discussion with Mr. Moyer in connection with the affairs of this company?—A. In 1928.

Q. He came in on the 4th of April.—A. I knew him before that. I was introduced to Mr. Moyer by Mr. Sifton early in 1928; I would have to look up the records, and I do not know that they would tell me just when it was—I think it must have been in January, or perhaps it was late in 1927; but I had known Mr. Moyer, I am sure, for some months before he became a member of the syndicate, and had seen him quite frequently in Ottawa, and I think he was under a retainer from us at that time.

Q. I am interested in your first discussion with him with relation to Beauharnois, if you can fix it.—A. I think the first time I met him we started discussing Beauharnois.

Q. That was with Mr. Sifton?—A. Yes.

Q. Was there any discussion between you at that time, between you and Mr. Sifton and Mr. Moyer, with respect to Sifton subscribing in Moyer's name?—A. I think Sifton asked if we would accept Moyer as a subscriber and that we said we would.

Q. On his verbal assurance, as you have told us?—A. Yes. I forget whether Mr. Moyer was present at that time, but perhaps he was.

Q. I noticed that Mr. Sifton witnessed the signatures to the agreement of the 4th of April whereby the Beauharnois Power Syndicate absorbed the Beauharnois Syndicate. I am wondering whether there was any discussion at that time.—A. They were both in the office during those meetings, and I think we can regard Mr. Sifton as having acted as a witness more or less accidentally. In other words, he was available to witness a document.

Q. It indicated to me that he was there, and I thought that might assist you in recalling any discussion that the three of you may have had at that time.—A. Mr. Sifton and I, I think, discussed very fully the steps we were taking, the winding up of one syndicate and the forming of another. And it was concurrently with these things happening that Mr. Moyer became a syndicate manager.

Q. I am only interested in the discussion with respect to Mr. Moyer's subscription.—A. Frankly, I think I have told you all I know with respect to that.

Mr. SMITH: That is all.

By Hon. Mr. Cannon:

Q. Mr. Griffith, would you state to the Committee when to your personal knowledge, and not through hearsay, or from the records of the company when you were secretary, did you first know that Senator McDougald was interested in the Beauharnois Syndicate?—A. In so far as the records of the company are concerned, he did not become interested until very late in 1928. In so far as my personal knowledge is concerned, I knew that he was interested some time after Mr. Sifton's death.

Q. Some time after Mr. Sifton's death? That is, after June, 1928?—A. That is correct.

Q. Now, as regards the legal gentlemen whom you retained in Ottawa in connection with the Beauharnois application, did you or did anybody else connected with the Syndicate, to your own personal knowledge, instruct these gentlemen to exercise here in Ottawa any undue influence of any kind?—A. No, neither here nor anywhere else.

Mr. SMITH: I wonder if I may be forgiven for interrupting. Undue influence is a legal term, variously defined. I am sure my learned friend knows what it means, but I do not know whether the witness does.

The CHAIRMAN: I think the wording of the question had better be changed. The question is rather comprehensive for a "yes" or a "no" answer.

Hon. Mr. McMEANS: I think if you get the evidence of what they were employed for, the Committee will have the facts before them and will draw their own inference.

By Hon. Mr. Cannon:

Q. For what purpose, generally speaking, did you employ these legal gentlemen at the time you did?—A. I tried to describe that already to Mr. Cannon. I think it was for the purpose of promoting, by every proper means at their disposal, the interests of their clients, the Beauharnois Light, Heat and Power Company.

Q. And the three of them were listed here as Parliamentary Agents?—A. That is true.

Mr. VIEN: And they were lawyers.

Hon. Mr. CANNON: They could not be Parliamentary Agents unless they were lawyers.

By Mr. Robertson:

Q. Mr. Griffith, may I ask you first about the agreement made in December 1928, taking over the Sterling Corporation: I understood you to say to my learned friend, Mr. Smith, that you had nothing to do with the negotiating of that agreement.—A. That is correct.

Q. You had to do with the drafting of it, I understand.—A. That is correct.

Q. And was it in connection with the drafting of it that you inserted a clause, or suggested, I think Mr. Swezey said, the clause by which the agreement was conditional upon the approval of the application to the Governor General in Council?—A. I think it was my suggestion.

Q. But it was made during the period of drafting and not during the period of negotiating?

Mr. SMITH: He was not in the negotiations.

Mr. ROBERTSON: I should have thought he would assent to my question.

The WITNESS: I presume the negotiations could not have been closed until that was accepted.

By Mr. Robertson:

Q. I suppose when you are drafting any document the other man has something to say about it?—A. Yes.

Q. And to that extent, I suppose, the negotiations were not closed till the document was signed?—A. No.

Q. And the persons you were dealing with at that time were—Was it Mr. Ebbs?—A. I think it was Mr. Ebbs.

Q. So far as the other end was concerned?—A. Yes.

Q. Do you know who actually drew the document?—A. I think it was Meredith, Holden, Heward & Holden of Montreal.

Q. And you suggested the inclusion of that clause?—A. Yes.

Q. And they already had instructions to draw the agreement?—A. Yes.

Q. And you wanted that included in it?—A. Yes.

Q. There is one other matter that I think might perhaps be further cleared up. I want to refer to something that was referred to by an honourable member of the Committee yesterday when you were giving evidence, with regard to what you said at the previous inquiry, as shown at page 831. I want just to get it absolutely cleared up. You said something to Mr. Smith about it this morning, the contribution which the company made to campaign funds?—A. Yes.

Q. You put it, when you were examined before, at \$295,000. Am I correct in understanding whether that amount is right or not, that none of the company's funds was contributed to any campaign fund of a federal purpose through either Senators Raymond or Haydon?—A. That is correct.

The CHAIRMAN: Ask him through whom it was given.

Mr. ROBERTSON: I am going to ask him that.

The CHAIRMAN: I do not like those very comprehensive questions. That is a whole book you are putting to him.

Mr. ROBERTSON: I am only repeating what he has already said.

The CHAIRMAN: Ask him to whom he gave it.

Mr. ROBERTSON: I am going to ask him that. Don't be alarmed.

By Mr. Robertson:

Q. It was not contributed to them? I want to know to whom it was contributed.—A. Well, to give that evidence with exactness I would have to prepare a memorandum.

Q. Was any of it contributed to anybody for the purpose of federal campaign funds?—A. Yes. I think that Mr. Sweezey gave some evidence in respect of that yesterday.

Q. To whom, for the purpose of any federal campaign fund, was any of the company's funds contributed?—A. To General McCuaig.

Q. To anyone else?—A. I do not think the contribution to Mr. Bell can come under that.

Q. Perhaps not, in view of what Mr. Sweezey said yesterday. Anyone else?—A. I do not recall at the moment anything else.

Q. I want to read to you a paragraph from the report of the Commons Committee, which has been referred to this Committee. At page xxiv, paragraph 20, the report reads:—

Your Committee considers that return should be made immediately of any moneys improperly taken from the companies' funds for political subscriptions by those responsible for their extraction.

Has the money contributed to General McCuaig from the companies' funds been returned to your knowledge?—A. Not to my knowledge.

Hon. Mr. McMEANS: There is no evidence, as far as I know, that the company contributed that money to General McRae.

Hon. Mr. CANNON: It is not General McRae but General McCuaig.

Hon. Mr. McMEANS: Yes. What I understood from Mr. Sweezey's evidence was that he had made that contribution himself. I do not want a confusion between the company's funds and the private funds of Mr. Sweezey.

Mr. ROBERTSON: I want to get that exactly straight. And this witness tells us that it was the company's funds that General McCuaig got.

By Mr. Robertson:

Q. That is what you stated?—A. That is true.

Q. One thing more. My learned friend was asking you about the retainer of certain gentlemen in Ottawa for certain specific purposes that you described in your own way. And my learned friend was asking you as to the conditions upon which the amount they should get might be larger or smaller.—A. Yes.

Q. Now, you have said to him that the obtaining of the approval of the application, which was approved by Order in Council, was important, perhaps essential, to the company's success?—A. Correct.

Q. Did it make the company's success, so that on that event they were entitled, or the company was in a position to pay, a larger fee?—A. No.

Q. It was one step on the road to success?—A. That is correct.

Q. And that is all?—A. That is all.

Q. But much more had to be done before the events would have happened upon which their fee would have been increased, is that correct?—A. That is correct.

By Mr. Smith:

Q. What more did happen?

Mr. ROBERTSON: The fee was finally paid to Ainslie Greene in 1930.

By Mr. Smith:

Q. You paid them \$10,000, did you?—A. That is my recollection.

Q. You paid them \$10,000 for those items which are set out in their bills to you? That is what it was paid for?—A. Well, really, I do not recall what they said in their bill. I paid them \$10,000 for the services that I knew they had rendered.

Q. You looked over their bills, and they were at least 90 per cent for interviewing persons in Ottawa?—A. I think Mr. Pugsley's bill was simply for services rendered. Mr. Greene's I do not recall.

Q. Well, take Col. Thompson's. There is no doubt about the correctness of that?—A. I think that is so.

Q. And the fee was arranged between you and these gentlemen?—A. Yes.

Q. It was arranged on the basis of \$10,000?—A. I am not sure that it was the same fee for all of them.

Q. Whatever the sum was, you thought you were treating them generously?—A. Quite.

Mr. SMITH: Mr. Swezey has told me that he wants to be recalled, honourable gentlemen, to make a slight correction of some kind.

Mr. ROBERT O. SWEEZEY was recalled as a witness.

By Mr. Smith:

Q. You are being recalled. I understand you have something that you wish to say. I do not know what it is. Will you tell us what you wish to say?—A. Yes. In my testimony in regard to an interview concerning the consideration of a possible subscription to the Conservative party, I said that the gentleman I met was Mr. Cartier, with one or two others whose names I do not remember. I find I have to correct that, because my meeting with Mr. Cartier had to do with an entirely different matter, not concerning this inquiry, and the gentleman I met was Mr. Howard Smith.

The CHAIRMAN: There is always a Smith in it.

By Right Hon. Mr. Graham:

Q. You mean by that, the gentleman you met who came on the same errand that you thought Mr. Cartier came on, as stated in your evidence yesterday?—A. Yes.

Q. That was with respect to campaign funds for the Conservative party?—A. Yes.

Mr. SMITH: I have nothing further to offer this morning, Mr. Chairman.

Hon. Mr. McMEANS: Have you anything for this afternoon.

Mr. SMITH: No, sir. There are three witnesses who will be subpoenaed for Tuesday.

Mr. MANN: They are the witnesses whose names I gave to the Committee this morning.

Mr. SMITH: They are Mr. R. A. C. Henry, Col. Thompson and Mr. Ainslie W. Greene.

The CHAIRMAN: The Committee will stand adjourned until Tuesday morning next, March 8, at 11 o'clock.

MINUTES OF EVIDENCE

OTTAWA, Tuesday, March 8, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at eleven o'clock in the forenoon.

Present: The Honourable Senators Tanner, Chairman; Chapais, Copp, Donnelly, Graham, Griesbach, McMeans and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, for the Committee.

The Honourable Lucien Cannon, P.C., K.C., Quebec City, Quebec; Mr. John W. Cook, K.C., Montreal, Quebec; and Mr. Hugh E. O'Donnell, Montreal, Quebec, for Hon. Senator W. L. McDougald.

Mr. Thomas Vien, K.C., Montreal, Quebec, for the Hon. Senator Donat Raymond.

Mr. John P. EBBS, barrister-at-law, Ottawa, Ontario, appeared on behalf of the Honourable Andrew Haydon.

The CHAIRMAN: I think we may proceed now.

Mr. R. A. C. HENRY, civil engineer, Montreal, appeared as a witness, and having been duly sworn, testified as follows:—

By Mr. Mann:

Q. Mr. Henry, what is your present position?—A. I am Technical Head of the Beauharnois Power Corporation.

Q. How long have you been interested in the Beauharnois Power Corporation or its project?—A. I have been interested in what is now the the Beauharnois development since 1923.

Q. Prior to 1923 you were in the Federal Department of Railways and Canals?—A. I was.

Q. In what capacity?—A. I started in as Inspecting Engineer in 1912.

Q. And continued in several positions and capacities until 1923?—A. Yes.

Q. At which time, I understand, you joined the Canadian National Railways?—A. That is correct.

Q. And remained there until the 11th of February, 1929, when you became Deputy Minister of Railways and Canals?—A. The 14th of February, I think.

Q. The 14th of February. And you left the Department on what date?—A. March 10, 1930.

Q. And is it fair to say that from that date you went into the Beauharnois Power Corporation?—A. Yes, sir.

Q. March 10, 1930?—A. Yes, sir.

Q. I am not going to follow you through the whole history of what you said, but I should like some enlargement of the evidence you gave before the Commons Committee. When did you first as an engineer, and having an

interest in power projects interest yourself in the Beauharnois project—that is the south shore of the Soulange section, from your own personal point of view?—A. Approximately 1923.

Q. Had you interested yourself from an academic point of view prior to 1923 in the possibility of power development?—A. I cannot say I did. I was interested in transportation.

Q. And is it fair to say that your mind from then on was fixed upon the possibilities of power development?—A. Incidental to transportation, yes.

Q. What form did your inquiries or investigation take when you became interested in hydro electric energy, incidental to anything?—A. The form it took was the same form that any engineer's would take.

Q. I am not an engineer, and do not know what that form would be?—A. That involved an investigation, first of all, of the site. I investigated the territory between Hungry Bay, Lake St. Francis and Lake St. Louis, north and south sides. The second step was the investigation of the rights that then existed in that territory.

Q. That was about the year 1923, or immediately prior to the conclusion of 1923?—A. This investigation continued from 1923 right on to the time this project developed.

Q. If I understand correctly—correct me if I am wrong—in your evidence before the Commons Committee I think you stated that you had met Senator McDougald about 1922, towards the end of 1922. Is that correct?

Hon. Mr. CANNON: 1923.

Mr. MANN: I am saying what he said on the inquiry.

Hon. Mr. CANNON: He said 1923.

By Mr. Mann:

Q. Did you say 1922 or 1923?—A. I don't know what I said. The facts are that some time in 1922—

Q. Some time in 1922. At that time you were discussing, were you, some question other than water power?—A. At that time the question related to the use of elevator facilities, of which the Montreal Harbour Commission had a great number.

Q. That is the occasion on which you met the senator?—A. It was.

Q. And I think you said that at that time he said to you that if you ever came across any first class water power development he would be glad to interest himself in it or help you finance?—A. If I said that, it is subject to this correction: Water power was not mentioned at all; it was any kind of project which I thought was good, and which required financial assistance.

Q. It was a discussion, then, of any commercial possibility, not limited to water power?—A. Quite.

Q. Will you please say, following that conversation, what conversation you had with Senator McDougald, if any, and when, referring to water power, because we are not interested in automobiles or anything else at the moment?—A. I did not have any conversation with Senator McDougald with relation to water power until some time during the summer or fall of 1923.

Q. Would you be kind enough to tell us what that discussion was?—A. In 1922 the report of the International Joint Commission came out, and in studying that report I saw what they had to say regarding the Soulanges section. And that section being located fairly close to Montreal, and being of such a character as would permit of a relatively—I thought relatively small—capital investment, it indicated substantial merit. That was the first thought when I started to look into it, and after I had looked into it I had a chat with Senator McDougald and told him it was my thought that that presented a possibility from the standpoint of power development.

Q. Let us know as shortly as possible how far that discussion or suggestion or thought presented itself in any conversation you had with the senator up to the time that you projected the Sterling Industrial Corporation.

Hon. Mr. CANNON: I think in all fairness to Senator McDougald that my learned friend might point out that at that time he was not a member of the Senate.

Mr. MANN: I shall be very glad to do that. It was merely an omission. Dr. Wilfrid L. McDougald became a senator only in 1926, and when I use the word "senator" I am using his present appellation, that is all.

By Mr. Mann:

Q. Did you understand my question?—A. I think you had better repeat it again.

Q. Having expressed this thought, what were the other thoughts expressed in conversation between you prior to the project of the Sterling Industrial Corporation, which came into being on the 5th of July, 1924?—A. I cannot recall the discussion, but my guess on that point is that I went over with him what it meant in terms of investigation and terms of capital outlay and so on.

Q. And, is it unfair to say, in terms of future possibilities??—A. Oh, I imagine so.

Q. You have said that the consideration of the subject, certainly in so far as you are concerned, was purely from the point of view of water power development?—A. That was the purpose of that.

Q. And could you just enlarge a little bit on the discussion which led up to the formation of the Sterling Industrial Corporation?—A. Following the discussion to which I have referred, I proceeded to investigate the rights which other people had as indicated, first of all, by the charters which were then existing, and I came upon the charter of the Beauharnois Light, Heat and Power Company.

Q. I do not suppose it is unfair to say that at least Senator McDougald knew that you were investigating the rights other people had?—A. I imagine—In an investigation of that kind one of the basic considerations is to determine what is there.

Q. You have hardly answered my question: It is as to whether the senator at that time knew—the gentleman who is now senator, knew that you were making the investigations?—A. I would say perhaps he did know.

Q. Well, perhaps. I would like you to try and say whether he did or did not.—A. You are talking about the time prior to the formation—

Q. Prior to 5th of May, 1924, before you projected the Sterling Industrial Corporation.—A. The 5th of July.

Q. I beg your pardon. The 5th of July. You are right.—A. I would not say that prior to that time I did tell him the nature of my investigation.

Q. I did not ask you if you told him the nature of your investigations; I asked if he knew that you were making investigations.—A. Oh, yes.

Q. No doubt of that?—A. No doubt of that.

Q. And I think it is fair to say that there must have been a discussion some time as to the incorporation of the Sterling Industrial Corporation?—A. After I had looked over the Robert Act—that is the Beauharnois Light, Heat and Power Company's Act—I came to the conclusion that that Act did not provide the corporate machinery through which an economical development could be made between Lake St. Francis and Lake St. Louis, because of the fact that it was based upon the construction of a canal along the route of what was known as the St. Louis River; and second, that it was a provincial charter, and my impression was then that the proper course to follow was to make application through the federal department, because of the fact that I thought the rights rested in the Federal and not the Provincial Government.

Q. Your opinion was, if I understand you correctly, that the rights in the water power of the St. Lawrence River vested in the Federal Government?—A. Yes.

Q. And not in the Provincial Government?—A. Yes.

Q. And therefore you came to the conclusion that the applications which had been made by the Beauharnois Light, Heat and Power Company were not such as were of value, if your conclusion was correct?—A. They were not of value, in my opinion, because they were based upon rights which, if they were carried out, would involve the construction of a canal which was not economical.

Q. So, having come to the conclusion that you have referred to, did you discuss that conclusion with Senator McDougald?—A. I did.

Q. And thereupon, may I say, you formulated in your mind something which would at least procure some rights in the form of a corporate entity?—A. That is correct.

Q. And the formation of the Sterling Industrial Corporation followed your then opinion that the water power vested in the Federal Government, and you proceeded to form this Corporation?—A. I started out first with another corporation—

Q. You might let us hear about that?—A. —known as the Superior Sales Company. After I had come to that conclusion—

Q. Who were the parties interested in the Superior Sales Company?—A. The Superior Sales Company—I will clear that up.

Q. Yes?—A. After I had come to the conclusion that the charter powers of the Beauharnois Light, Heat and Power Company were not such as to permit of economic development between Lake St. Francis and Lake St. Louis, I went to Dr. McDougald and told him that if any application was to be made it would have to be made through some properly organized company, and therefore a charter would have to be obtained. He told me that he had a charter known as the Superior Sales Company, and instructed one of his men to give me a copy of it. I took it away and studied it, and came to the conclusion in my own mind that the powers which were enjoyed by the Superior Sales Company were adequate; but later on, just in what fashion I don't remember, I did discover that the powers were not adequate.

Q. You do not remember just how you discovered that?—A. No. I may have thought that myself and wanted some legal advice on it, or someone may have suggested it.

Q. Do you remember having taken legal advice on it?—A. Yes.

Q. From whom?—A. I went to Senator McDougald, and he suggested that I go to Mr. Haydon.

Q. The present Senator Haydon?—A. Yes. He looked over the charter powers of the Superior Sales Company and advised me that they were not adequate.

Q. Not adequate, I assume, for the purpose you expressed to Senator Haydon, or the purposes you had in view?—A. No doubt about that.

Q. Then what happened?—A. I told him to organize a new company with proper powers.

Q. Do I understand you to say that you told him to organize a new company?—A. Senator McDougald had told me that if the powers of the Superior Sales Company were not adequate, to get Mr. Haydon to—

Q. For the purpose you had in view?—A. Yes.

Q. And then Mr. Haydon confirmed that?—A. Yes.

Q. And you proceeded to the incorporation of the Sterling Industrial Corporation?—A. That is correct.

Q. In the office of Senator Haydon?—A. Yes.

Q. Now, you stated in the evidence before the Commons Committee—you used the expression that Senator McDougald financed you. Would you just tell me what you meant by that, because the word “financing” may have quite a large ambit of meaning?—A. I think he asked me in the initial discussion, some time in the fall of 1923—

Q. I would be very much obliged if you would try not to think?—A. He certainly asked me what it would cost to carry out an investigation which could be used as the basis of an application, and my impression is that I told him it would be about \$10,000.

Q. There must have been, I think it is fair to say, a fairly reasonable and comprehensive view of what that investigation was going to import in the minds of both when you arrived at the figure of \$10,000?—A. I arrived at the figure of \$10,000 from my general knowledge of what an engineering investigation sufficient to prepare preliminary plans and estimates for filing—

Q. And that was how long prior to, or was at the moment of the application for the incorporation of the Sterling Industrial Company?—A. That was some months prior.

Q. Had you had the advantage of the examination of the Joint Board of Engineers?—A. No. I had had the advantage of the report of the two engineers who had been engaged on the investigation for the International Joint Commission, and whose report was, I think, brought in in 1922. I had the advantage of that.

Q. Had you discussed with anybody, had you discussed with Dr. McDougald that report of those engineers?—A. Oh, I think so.

Q. Now, just tell me how this financing of \$10,000 was carried out?—A. So far as the actual engineering investigation was concerned, I believe I made an arrangement with Mr. J. B. McRae, a consulting engineer, and the actual payment to him was either made through the firm of McGiverin, Haydon and Ebbs or by Senator McDougald. I cannot tell you which.

Q. You didn't pay it?—A. I didn't pay it.

Q. Was there any agreement of any kind in the form of an undertaking to finance you, or that you would do any particular thing in view of the financing of \$10,000?—A. Nothing whatever.

Q. It was a gentleman's agreement, I think you said, in the first place?—A. That is all.

Q. And you had the report of Mr. McRae at a later date?—A. Yes.

Q. In respect of the organization—I mean the organization minutes and election of directors and so forth of the Sterling Industrial Corporation—did you take any part?—A. I went over the—the organization, let me see, I do not think I paid very much attention to the organization, Mr. Mann.

Q. What I am asking you is did you take any part in instructing or advising Senator Haydon as to who would be the provisional directors, the president and so forth? Did you do any of that?—A. I think I discussed that with him in the initial stage.

Q. With whom?—A. Mr. Haydon.

Q. Did you have any instructions from anybody as to who was to be president?—A. No.

Q. Can you tell me by what authority Senator Haydon became president, if you know that he did? I tell you that he did.—A. I do not recall just how that happened.

Q. You don't remember how it was arrived at that Senator Haydon should be president of the Sterling Industrial Corporation?—A. I am afraid I cannot answer that question.

Q. Before I go further into the organization of the Sterling Industrial Corporation. You made an application on the 5th of July to the Department

of Railways and Canals or the Department of Public Works—in any event another was made on the 7th of July to either of those Departments; I forget which was which on the particular date. That application was prepared by you, was it?—A. The application was prepared by me.

Q. What had you before you to permit you to make that application, other than your own knowledge?—A. Well, I had spent some months—

Q. Other than your own knowledge?—A. Other than my own knowledge?

Q. Yes?—A. Nothing.

Q. The report of Mr. McRae came substantially later?—A. Mr. McRae had been making his engineering investigation some time prior, but it was largely based on my own knowledge.

Q. He had been making his investigation prior to the applications of July 5 and July 7?—A. Yes.

Q. And had been making this investigation on the agreement to which you had referred?—A. He had been making the investigation on the basis of the understanding.

Q. How long prior to that?—A. Oh, it must have been in the early spring, I should think.

Q. In the early spring of 1924? And then we come to July, 1924, and the application was put forth to the two federal departments?—A. It must have been after the snow went off, because we went over the ground together, so that I would say it was probably April, 1924.

Q. In respect of the incorporation and the organization of the Sterling Industrial Corporation, did you pay a bill to Senator Haydon for that?—A. No.

Q. Were you asked to pay a bill for that?—A. I was not.

Q. Do you know if a bill was paid, personally?—A. I do not know.

Q. You know nothing about it?—A. No.

Q. What was the next step following the 7th of July, 1924?—A. Well, I might say that in between the time that I made this arrangement with McRae to carry out the engineering investigation, the Government decided to appoint an enlarged Engineering Board.

Q. That was in 1924?—A. That was in 1924. And I knew then that it would be impossible for the Government to deal with an application of this kind until that report came in. But I nevertheless went on with the investigation, concluded it.

Q. Yes? And that report did come in on the 16th of November, 1926, finally?—A. Yes.

Q. And while you went on with the investigation how active were you in furthering the applications of the Sterling Industrial Corporation? I take it that you were not active because of those additional engineers being added to the Board?—A. Very foolish to try to be so.

Q. Did you know in September, 1924, of any project with regard to the development of the power at the Carillon which was a subject of discussion of the Sterling Industrial Corporation?—A. I knew about the Carillon project, yes.

Q. In Exhibit 92 of the House of Commons Committee I see a minute of a meeting of the 27th of September, 1924, of the Sterling Industrial Corporation, at which were present John Parsons Ebbs, Belle Fraser and Lyla Brennan. I take it you did not know the last two named.—A. Well, they were—

Q. They are stenographers in the office of Senator Haydon. The minute reads as follows:

The secretary stated that some consideration had been given to the filing of an application by the company for rights to develop water power on the Ottawa River at Carillon under an agreement with the Government through the Department of Railways and Canals and that Mr. J. B. McRae, consulting engineer, Ottawa, had made a preliminary

investigation and estimate upon the project and that if this application were made and the rights granted Messrs. Harris-Forbes, of Boston, would undertake to finance the project. Messrs. Harris-Forbes' representative is Mr. W. E. McGregor, who is to-day represented by Mr. Berkowitz. Mr. Berkowitz stated that if the Sterling Industrial Corporation should acquire any rights at Carillon he would require some assurance that this Corporation would be ready to transfer them to Mr. McGregor.

It was moved by Miss Fraser and seconded by Miss Brennan and unanimously carried that this corporation will, at the request of Mr. W. E. McGregor, of Boston, Mass., assign to him or his nominee any interest in the navigation power development undertaking at or near Carillon on the Ottawa River that this company may acquire under any contract from His Majesty, the King, represented therein by the Government of Canada.

And so forth. Now, would you be kind enough to tell me how, as far as you know, it would be competent for Mr. John Parsons Ebbs, Miss Belle Fraser and Miss Lyla Brennan to deal with what might appear to be an asset of the Sterling Industrial Corporation at that meeting of the 27th of September, 1924, if you know?—A. Well, I sometime in 1924 met Henry I. Harriman, of the New England Power Company, whom I had some knowledge of in the railway field, and I was endeavouring to interest him in the development on the south side between Lake St. Francis and Lake St. Louis. He went over the ground with me, or at least if he did not, he sent one of his engineers, a gentleman by the name of Eaton—

Q. If you will excuse me, I do not want to go into the details of the Carillon power development. I am merely asking you if you can tell me how John Parsons Ebbs, Belle Fraser and Lyla Brennan had been put in a position to deal with what apparently was an asset, or might be a substantial asset, of the Sterling Industrial Corporation.—A. Well, I think he was interested in some way with Harris-Forbes.

Q. Who was interested?—A. Mr. Harriman, with Harris-Forbes.

Q. Did Senator McDougald discuss or know of negotiations in respect of the Carillon development which is discussed in the minutes of the Sterling Industrial Corporation, to your knowledge?—A. I do not know.

Q. You do not know?—A. No.

Q. Do you know anything about any instructions to Mr. Ebbs, Belle Fraser and Lyla Brennan on the 27th of September, or prior thereto, which gave them the power to deal with an asset of the Sterling Industrial Corporation?

Hon. Mr. CANNON: One moment. Mr. Chairman, I think the time has come for me to ask my learned friend what part of the report he is dealing with. I understand your Committee has been instructed to investigate the report of last year. Is there any mention of Carillon anywhere in it?

Mr. MANN: None whatever, no mention whatever. I am dealing entirely with the Sterling Industrial Corporation.

Hon. Mr. CANNON: I think we have got enough troubles with the Beauharnois, without going into the Carillon.

Mr. MANN: I was suggesting that to the witness a few minutes ago. I am not trying to increase but to decrease troubles. I am endeavouring to secure the personnel and active management of the Sterling Industrial Corporation.

The CHAIRMAN: Well, go on.

The WITNESS: I do not recall precisely whether I asked Mr. Ebbs to do that or not, but there was some discussion between myself and Mr. Harriman to go over on to the Ottawa instead of what is now the Beauharnois development.

By Mr. Mann:

Q. I am merely asking you now, was there any collaboration with Dr. McDougald, or any discussion that you had that this might take place?—A. I may have discussed it with Senator McDougald; I cannot recall it precisely.

Q. You say you may have. You cannot say? In any event, you gave no instructions to those persons present at that meeting to deal with the subject?—

A. I would not go as far as to say that; I may have done that.

Q. Were you in a position with respect to the Sterling Industrial Corporation to give instructions to anybody to deal with an asset of the Sterling Industrial Corporation?—A. Well, I think perhaps I considered myself to have some interest in it.

Q. Just what interest had you in it? I think you said that the beneficial interest was vested in Senator McDougald? Just what interest had you in it?—A. I had no defined interest in it.

Hon. Mr. CANNON: I beg your pardon. The witness made no such statement. He said the beneficial interest in the Sterling Industrial Corporation belonged both to Senator McDougald and himself.

Mr. MANN: You are quite right, Mr. Cannon, if I am wrong.

Hon. Mr. CANNON: And I am wrong if you are right.

Mr. MANN: I am wrong. At page 569 of the evidence given at the House of Commons Committee, this question was asked:—

Q. May I take it then that the beneficial ownership in these shares was in you and Dr. McDougald?—A. Unquestionably, absolutely. There is no question about that.

You are quite correct, Mr. Cannon. Gentleman, I stand corrected.

By Mr. Mann:

Q. Now, having this beneficial interest vested in you and Dr. McDougald, what was your interest?—A. It was never defined.

Q. It was an undefined interest?—A. Yes.

Q. Something in the back of both your heads, may I take it, that some day you would have an interest?—A. That is correct.

Q. What I would like to know, if you can tell me, is who did give the instructions?—A. I could not answer that positively.

Q. Did you give them?—A. I could not even answer that positively.

Q. Well, it occurs to me that with the public knowledge of the water power on these respective rivers, including the Ottawa Carillon, that it was a matter of some importance, Mr. Henry?—A. I was not particularly interested in the Carillon, because I did not believe it was a very economical development, and any discussion I had with respect to Carillon was because of the fact that Mr. Harriman and his interests, whom I was trying to induce to become interested in the section of the river between Lake St. Francis and Lake St. Louis, seemed to be interested in it. That is the only interest I ever had.

Q. But you see the resolution gives power to assign to Mr. McGregor of Boston, or his nominee, any interest in the navigation power development undertaking at or near Carillon on the Ottawa river.—A. I think his idea was—

Q. I am not asking what was his idea but the idea of the Sterling Industrial Corporation, so far as you can give it to me.—A. I think my idea was to give my consent to the use of the Sterling Industrial Corporation's rights for perhaps making an application in respect to Carillon—let me put it that way—at the request of Mr. Harriman's interests.

Q. Is that what you have said borne out by the letter which I see also incorporated in the minutes, a draft letter of the 27th of September, 1924, reading as follows:—

W. E. MCGREGOR, ESQ.,
Boston, Mass.

DEAR SIR,—This is to confirm the fact that this Corporation will at your request assign to you or your nominee any interest in a Navigation and power development project on the Ottawa River at or near Carillon that this Corporation may acquire.

I take it that Sterling Industrial Corporation would sign the letter, because it is a draft letter prepared by the Sterling Industrial Corporation?—A. That never was carried out, at any rate. They decided to do it some other way.

Q. Is that all you can tell us about it?—A. Yes.

Hon. Mr. CANNON: Has that letter been filed as an exhibit?

Mr. MANN: I cannot say that. The draft of the letter is filed as part of Exhibit 92.

Hon. Mr. CANNON: You cannot tell the Committee whether the letter was sent or not?

Mr. MANN: No. The draft of the letter is filed with Exhibit 92.

Hon. Mr. CANNON: It is a mere draft?

Mr. MANN: Yes, I said that. It is a draft letter filed with the minutes of the Sterling Industrial Corporation, which are Exhibit 92.

By Mr. Mann:

Q. Now, I see the minute of this same meeting goes on to say:—

The secretary further reported that there was danger of some complications and embarrassment with the Government, resulting from the Company having two applications before the Government at the same time and it was considered advisable that this company be not used for the Carillon application, but that a new company be formed for that purpose. Resolved accordingly.

Do you know anything about that resolution?—A. Well, I have a recollection that something like that was done.

Q. What was the meaning of that, if you have a recollection of it? What was the meaning of the embarrassment in respect of the two applications? Did you mean that Sterling should not go on and make an application for Carillon while it had applications in for Beauharnois? Is that what it meant?

Hon. Mr. CANNON: One moment. I wonder if—

The CHAIRMAN: Let him give his explanations.

Hon. Mr. CANNON: Before he does, Mr. Chairman, may I say I wonder if the witness is competent to explain the minutes. The documents are there and speak for themselves. How can the witness be called upon to explain to the Committee what a document means? It is right there.

The CHAIRMAN: We will hear what Mr. Henry has to say.

The WITNESS: I think the reason was that Messrs. Harris-Forbes and the Harriman interests did not want to mix the Carillon up with the other, and because some right might emerge from Carillon and not emerge from the other and they would not know how to divide the interests, that is my impression.

By Mr. Mann:

Q. So the governing mind on the matter of not mixing up Carillon with the Sterling's other applications was Harris-Forbes and Harriman?—A. Yes.

Q. Can you say if that situation was known to Dr. McDougald?—A. I could not testify to that.

Q. Did you have any discussion with him in respect of the phases and aspects of the matter to which we have just been referring?—A. I imagine I did.

Q. I would prefer you not to imagine. I do not want you to say you did if you did not, but I would rather that you would not imagine.—A. I think I did have discussions with him on it.

Q. Discussions? Can you go a little further than to say that you think, because "think" and "imagine" are almost synonymous, you know.—A. Well, I cannot remember—let me put it that way.

Q. You cannot remember?—A. I cannot remember.

Q. So that is the furthest you can go?—A. Yes.

Q. Is it fair to say that inasmuch as the beneficial ownership of the entire Sterling Industrial Corporation was vested in you and Senator McDougald that you did discuss it with your co-beneficiary?—A. It would be natural to say that I did, but I cannot remember having done so, definitely.

Q. Do you say that you do not remember having a discussion or that you do not remember the subject-matter of the discussions?—A. I do not remember the subject-matter.

Q. Can we pass from this to in the vicinity of the 11th of November, 1926, when the report of the Joint Board of Engineers was formulated and published?—A. The 16th of November.

Q. The 16th of November, 1926, was it?—A. Yes.

Q. And during that period the matter lay dormant, to a certain extent, except I think you said you continued to make investigations and get information. Can you tell us during that period what information and data you had, and what relationship in respect of the procuring of information and data, you had with Dr. McDougald—up to 1926 Dr. McDougald, and afterwards Senator McDougald?—A. Well, knowing that the application could not be pressed, I continued to make engineering investigations to endeavour to develop the engineering possibilities more completely, and I discussed it with Mr. Harriman and other bankers, and some of them sent engineers up and went over the project with me.

Q. This was during the interval up to November, 1926?—A. This was during the interval.

Q. Have you finished?—A. They criticised my own conclusions on it and suggested modifications, and seemed interested in it if rights could be obtained and if the power could be sold.

Q. Did you discuss their criticisms and their suggestions of modifications of the project, as you viewed it, with Dr. McDougald?—A. I did not tell him anything except the fact that I had had discussions with these people.

Q. Now, what I take from your answer is that you did not reveal to him what the discussions were?—A. The discussions were largely of an engineering nature, and therefore I did not discuss them with him.

Q. But finance must have come into it to some extent, I think it is fair to say, must have mixed a little bit with the engineering matters?—A. Well, finance came into it to the extent of the amount necessary to carry out the project, and I naturally told him what the estimates were.

Q. You told whom?—A. Senator McDougald.

Q. And that is the financial information you procured through Harris-Forbes and other bankers with whom you discussed it?—A. Yes.

The Committee adjourned until 3 p.m.

The Committee resumed at 3 o'clock p.m.

Mr. R. S. Robertson, K.C., Toronto, Ontario, appeared of counsel for Hon. Senator Andrew Haydon.

Mr. R. A. C. HENRY was recalled as a witness, and testified as follows:—

By Mr. Mann:

Q. At the adjournment, Mr. Henry, we had got as far as the report of the Board of Engineers, which I think you said, when before the Commons Committee, created quite a considerable amount of discussion; you did say that?—A. I don't recall, but I know it did.

Q. You know it did?—A. Yes.

Q. And did you feel then that in developing the Soulanges section there would be a considerable amount of difficulty, both mechanical and political?—A. I felt that the report, in effect, contemplated a combined navigation and power development, partly in the river and partly on the north side, and not on the south side as was contemplated in the scheme I was advancing.

Q. Exactly; you felt that the difficulty then might be to combine the combination of the two elements on the south instead of the north side, as the tendency looked everywhere running that way; is that a fair statement of it?—A. I felt that it would be pretty difficult for anybody to induce the Government to go contrary to the recommendation made in that report.

Q. Now, with the continuity of purpose which seemed to characterize you from your early investigations what did you think?—A. I proceeded to analyse the recommendations made in the report with a view to seeing whether it could be carried on by a private company or not.

Q. And was the private company you had in mind the Sterling?—A. Well, I thought the Sterling might be a modification.

Q. And as a result of that analysis what conclusion, if any, did you come to?—A. That it could not be carried on by a private company; it would have to be done by the Government.

Q. That is, after studying the report you came to that conclusion?—A. Yes.

Q. Did you convey that view or that conclusion to anybody in association with you?—A. Well, I think I did fear that Senator McDougald had begun to lose faith in the conclusions which I had previously advanced as to the proper scheme of development of that section of the river.

Q. May I take it, that means that he had begun to lose faith in what your previous views were as to how it should be developed?—A. Yes.

Q. Does that go also to losing faith in the federal rights in the water power?

Hon. Mr. CANNON: I do not want to interrupt my learned friend, but Mr. Henry is your witness, and I think you are leading.

Mr. MANN: He is a witness for the people, not my witness.

Hon. Mr. CANNON: This is the chief examination. If my learned friend would ask the witness what he thought or what he said.

Mr. MANN: I do not think you will have much to complain about with me. I have no ulterior motive, I can assure you.

By Mr. Mann:

Q. Did you understand the question?—A. I think you will have to ask the question over again.

Q. Did the faith, as it appeared to you, that Senator McDougald was losing mean faith as well in the project from the mechanical or physical point

of view as well as from any other point of view, namely, the legal point of view?—A. Well, I never knew what his views were with respect to the federal versus the provincial rights. I proceeded personally upon the assumption that the federal government had the right, and I assumed, from that, that he agreed with me; otherwise he would not have backed me. But I never knew that as a fact, I mean, that he did agree with me in regard to that.

Q. He did not so express himself to you?—A. No.

Q. Following the autumn of 1926, and proceeding in 1927, what did you then do in furtherance of an interest you may have had in the development of power on the south shore?—A. Well, I was engaged then in looking up the information, you might say, a necessary part of the development at that time; that is, the means of using the power; and in the course of those efforts I got in touch with a large number of users in the United States who might be willing to construct some sort of a development that would use the power.

Q. Would that be beginning as early as the autumn of 1926 and the beginning of 1927?—A. Yes, it was.

Q. You got in touch with large users in the United States; did you convey that information to Senator McDougald?—A. I believe I did.

Q. To what extent did you take it to him? What was the extent of the discussion of the subject between you?—A. Well, I think it was a subject of discussion more or less in a general way.

Q. And did you pursue that policy of getting information and data in respect to all possibilities through the year 1927?—A. In the late fall of 1926 there was a gentleman of the firm of A. B. Leitch and Co., who asked me—I do not think he knew at that time that I was interested in any power development—he asked me if I knew where there was an economical site at which half a million horsepower ultimate development could be made. It was as a result of that that I gave him certain information which I had in my possession, and he had some of his engineers look over it.

Q. Who were A. B. Leitch and Co.?—A. They are a banking house in New York.

Q. Was that information given with Senator McDougald's concurrence in any way?—A. I think so.

Q. You cannot say more than that you think?—A. No.

Q. Is your recollection that in any event that matter was brought to his attention by you or anybody else?—A. I think it was brought to his attention by me.

Q. Now, proceeding through 1927, just tell us what other steps you took?—A. Well, in 1927, through a mutual acquaintance I got in touch with Dillon-Read; Mr. Miller, who was one of the vice-presidents of Dillon-Read, and I laid the project before him in New York, and he went over the estimates I had prepared—various alternative schemes for developing from 250,000 horsepower up to 500,000 horsepower. He told me that his firm—Dillon, Read & Co.—would be interested in a development of that kind provided the rights could be obtained, and provided some industries to use the power could be induced to locate in that vicinity.

Q. And Dillon-Read was a financial house as well?—A. Banking.

Q. Was the Dillon-Read connection or interview a subject of discussion between you and the Senator?—A. No, it was not.

Q. He did not know anything about that; and would you please tell me what further you did during that year—and let me here draw your attention to the fact that on the 2nd or 3rd of February, 1927, Mr. Sweezy had begun his negotiations with the Robert interests—I merely do that to help your memory?—A. Well, some time—I would venture to guess that it was some time in the fall of 1926 or early in 1927 Mr. W. H. Robert, with whom I had been in touch in a general way since the fall of 1923—

Q. Mr. W. H. Robert was one of the Robert heirs interested in the Beauharnois Light, Heat and Power Co.?—A. Yes; he was trying to interest me in using his charter.

Q. As a medium of proceeding for the development, if possible?—A. That is correct; but I had told him and his people that the charter was not of a character that would permit of an economical development. I told him that many times.

Q. If I understand you, Mr. Robert was endeavouring to get you interested, at least to the extent of considering the value of this charter?—A. Right.

Q. Did it go far enough to suggest to you to interest yourself in the power development?—A. Oh yes.

Q. And that was late in the fall of 1926 or in the early part of 1927?—A. No; that started in 1924.

Q. And continued then?—A. Yes, continued throughout.

Q. And when it came to 1927 Mr. Robert informed you that he was in negotiation with Sweezey?—A. He informed me that he was negotiating with Messrs. Newman, Sweezey & Co., and that I ought to meet Mr. Sweezey and talk the thing over with him.

Q. Mr. Henry, from the beginning of those discussions with Mr. Robert to which you have just referred, in 1924, would you tell the time you learned of negotiations between Mr. Robert and Sweezey, had you discussed with Senator McDougald the fact that Robert had talked to you, and did you have discussion with him to the extent of telling him your conversation with Robert?—A. I discussed it with him to the extent of telling him I did not think the charter Robert had was a charter with which an economical development could take place.

Q. But you did not open the discussion by saying, "I don't know"—something; you must have opened the discussion in some other form than saying, "I don't think this charter is sufficient." I want you to tell me what the discussions were over that period of three and a half years?—A. I remember telling him that that charter was not, in my opinion, worth while using, a while before the Sterling Corporation was incorporated at all. Had I thought it was I would have been inclined to have made a deal with Mr. Robert.

Q. And before you formed the Sterling Industrial Corporation, as far as you were concerned you had made up your mind that the Beauharnois charter was of little value?—A. Of little value as a medium for an economical development of that scheme.

Q. Exactly; you explained that this morning; in fact, proceeding into the whole year 1927, what was the progress of your mental development on the general subject?—A. Well, the progress of my mental development then was an endeavour to re-orient myself in relation to the provincial versus the federal position, on one hand, and to re-orient myself, on the other hand, to the fact that the Government had before it a report which did not recommend a development on the south side.

Q. And as a result of this re-orientation, what happened, and when did it happen?—A. Well, Mr. Robert told me that he was negotiating with Messrs. Newman, Sweezey and Co., and that led me to believe that somebody else had had in mind a development on the south side, otherwise they would not be bothering with the Robert rights. But I had not made up my mind—remember, there were a lot of other discussions about the provincial versus federal rights—and I had not made up my mind whether the time was appropriate, or whether representations ought to be made to the proper department of the government that no private company could undertake a development on the north side. I was just turning that over in my mind.

Q. You were turning that over in your mind, but you got light on the stage of turning it over in your mind, didn't you?—A. I don't know that I saw any daylight through the way I went at it—if that means anything to you.

Q. It does not mean very much to me, but you can probably help me; when did you begin to see daylight? Have you seen daylight since, I would like to know?—A. Well, the federal versus the provincial side of it does not seem to have been crystallized yet; but some time in the spring of 1928.

Q. Daylight began to dawn on it?—A. Daylight began to dawn—put it that way.

Q. What form does the dawn take?—A. In that I obtained knowledge of the fact that certain rights had been granted in the form of a lease to a syndicate. I thought, at first, it was Newman, Sweezey and Co., but I learned later it was a syndicate.

Q. Just how did you get that information? Where did you get it?—A. I don't remember.

Q. You could not remember where you got it?—A. No; you see, that was some time early in 1928.

Q. Now, just what was the information you got in regard to that syndicate, and if possible try to tell me who you got it from, or through what sources you got it?—A. Well, I think the first inkling I got of it was through Mr. W. H. Robert.

Q. A continual source of information since 1924?—A. Right. At first I did not believe it; I thought he was trying, perhaps, to continue to interest me, but it evidently turned out that he had made an agreement.

Q. You think you got that from Mr. Robert; did you communicate that to Senator McDougald?—A. I believe I did.

Q. What was the result? What was the nature of the discussion you had with him then? Had you the details of that syndicate from Mr. Robert?—A. No.

Q. Had you the details of information from Mr. Robert?—A. No; he left me with the impression that it was Newman, Sweezey & Co.

Q. Then, if I understand you correctly, all you had was an impression?—A. Yes.

Q. That the Roberts had negotiated, or were in some transaction, with Newman, Sweezey & Co., but the details of that transaction you did not know, and all you communicated to Senator McDougald was what you did know, which appears to have been quite a small amount at that time; is that correct?—A. That is correct, yes, but in the winter, during the Session in Quebec—I think it was in the early spring—I did have knowledge, from what source I am not prepared to say at the moment.

Q. Do you mean you are not able to say?—A. I am not able to say, because these things come to you from various sources. I am not able to say definitely where I got it, but I did get some knowledge that there was under consideration the granting of a lease.

Q. To the Beauharnois Light, Heat and Power Company?—A. To the Beauharnois Light, Heat and Power Company.

By Hon. Mr. Béique:

Q. A lease from the Quebec Government?—A. A lease from the Quebec Government.

By Mr. Mann:

Q. You got a communication that the Quebec Government was looking favourably on the granting of a lease; was that the subject of conversation between you and—

By the Chairman:

Q. What position did you occupy in 1928?—A. I was director of the Bureau of Economics of the Canadian National Railway.

By Mr. Mann:

Q. It was the 14th of February, 1929, that you became Deputy Minister?—A. Yes.

Q. Did you convey the information in respect to the possibility of the granting of a lease from Quebec, to Senator McDougald?—A. I believe I did.

Q. Did you verify that information by further research?—A. Yes, I think I made some inquiries, and ascertained that the lease was under consideration.

Q. You don't remember from whom you made those inquiries?—A. I don't.

Q. Just tell me, Mr. Henry, as closely as you can when you got definite information, if you did get definite information, what the transaction was as between Robert and Swezey or the syndicate?—A. I don't think I have any positive knowledge of that until well into the summer of 1928.

Q. Yes, but you see you qualify the word "knowledge" with the adjective "positive"; but had you knowledge of it—leave out the "positive"?—A. Well, I don't believe—I cannot answer positively no, because when I did learn the figure the extent of that rather astounded me.

Q. What figure are you referring to?—A. That is the million—the equivalent of a million and a half; that is what I understood it to be.

Q. Now, you did not at that time know that there was in operation a syndicate; you subsequently learned that there had been syndicates, but at that time you did not know?—A. I thought it was Newman, Swezey and Co.

Q. You did not know there had been a syndicate; you thought Newman, Swezey and Co. were the people who were in negotiation or had the agreement with the Roberts; is that correct?—A. That is correct.

Q. To what extent, if any, was that the subject of discussion with Senator McDougald, and to what extent did the prospects of the Sterling Industrial Corporation come into such discussion? You quite clearly understand what I mean?—A. Yes; I think we did discuss to some extent the position in which Sterling found itself under the conditions of this lease, yes.

Q. You did discuss the position that Sterling found itself in, in view of the lease to which you referred a few moments ago?—A. Yes.

Q. And what was it you found, so far as you were concerned?—A. Well, I was still of the opinion that the right rested in the federal government, and there would be considerable difficulty in the way of making an agreement with the federal government.

Q. Notwithstanding what appeared about usurpation by the province, you still felt that the federal government had the rights in the water power?—A. Yes.

Q. Then may I say this, that if that was still paramount in your mind you must still have believed that your Sterling application was to the right quarter?—A. Right; that is correct.

Q. When were you disabused of that view that you held, that Sterling was in the right place and Beauharnois was in the wrong place? When did you finally become disabused of that view?—A. I don't think it was until the fall of 1928, and I don't know that I was entirely disabused of it then.

Q. But you have not changed your mind?—A. Well, I had it—since then, perhaps, I think, but not at that time.

Q. Since you went to Beauharnois you have changed your mind?—A. Probably. There may be something in that.

Q. Were those views you held in the early part of 1928 the subject of discussion with Senator McDougald?—A. They were.

Q. Was that still in the early part of 1928?—A. Yes.

Q. So that, I may take it, in the early part of 1928 you still viewed the Sterling application as being in the right place, namely, to the federal government?—A. Yes.

Q. And you still view the Beauharnois application as in the wrong place?—A. I also had in mind this, which I would just say incidentally, that the charter which the Beauharnois Light, Heat and Power Company had did not permit of an economic development.

Q. I was merely directing my questions to your view of the legal situation which you had in the early part of 1928, and which I think you said you discussed with Senator McDougald; now, would you be kind enough to tell me when, following that period, you first knew definitely of the circumstances of the Beauharnois Power Syndicate and the Beauharnois Syndicate?—A. I knew something about it in July, I should say.

Q. In July, 1928?—A. July, 1928, I knew something about it.

Q. What did you know about it? And how did you know?—A. I knew it through Senator McDougald.

Q. What did he tell you? I would just like you to tell the Committee what he told you in 1928?—A. He told me that he had joined the syndicate.

Q. Did he describe the assets of the syndicate, or the holdings of the syndicate, or the powers the syndicate had, or what the syndicate expected, and if so, anything of the kind?—A. I think he described it in a general way to me.

Q. When was it that the question came up as to the disposal of the interests of the Sterling Industrial Corporation?—A. A little bit later on.

Q. In what form did that come up for discussion between you?—A. Well, I wanted to know whether he decided that the Sterling Industrial Corporation application was the right medium to proceed through, or the Beauharnois Light, Heat and Power Company through Quebec.

Q. You wanted to know?—A. I did.

Q. For the purpose of satisfying your mind you wanted to know?—A. For the purpose of determining whether he was still backing my project or not.

Q. Just what form did that conversation take, leading to your desire to know? I just want you to tell me what the substance of the conversation was?—A. I don't recall what the substance was. I can only state my impression of it.

Q. I do not think we want your impression; we would like, as close as possible, the substance of the conversation; I do not think the Committee will mind if you take the time to think it out; I am certain they will not?—A. Well, I think the substance of the discussion related to which of the two applications had the best chance of success. I am inclined to think he leaned towards the Quebec end of it.

Q. You think the Senator leaned towards the Beauharnois application as having the best chance of success; you feel reasonably certain that was his view, do you?—A. I do.

Q. And your leanings were what, at this time?—A. Well, I was beginning to waver by that time.

Q. When did you complete your wavering process in respect to the application?—A. Some time in October would be as near as I could guess. It is only a guess.

Q. But the senator's views did not influence your views in July, 1928, except to make you waver. Is that correct?—A. That is correct.

Q. There was some discussion in July, I take it, as to disposing of the Sterling Industrial Corporation's rights to Beauharnois, wasn't there?—A. No, they didn't commence until later.

Q. Later than July?—A. Later than July, to the best of my knowledge.

Q. What do you know about that question of the disposal? Do you know anything about it?—A. Oh, yes.

Q. Just tell the Committee what you know about negotiations for the disposal of the Sterling Industrial Corporation's interests in the Beauharnois project?—A. I know that Senator McDougald asked me to consider whether I ought not to throw in my lot with the Beauharnois Syndicate.

Q. When was that?—A. I would say in October.

Q. He asked you to consider as to whether or not you should throw your lot in with the Beauharnois interests. That was in October.

The CHAIRMAN: 1928.

By Mr. Mann:

Q. Did you consider throwing in your lot with the Beauharnois interests?—A. I did.

Q. To what extent did you go into detail as to the conditions upon which your lot should be thrown in with the Beauharnois interests?—A. I asked Senator McDougald questions—

Q. What was the purport of those questions?—A. To determine just what the Syndicate really was; what it constituted, what its financial structure was, who the people were that were in it, and what their respective holdings were, and particularly what had been the nature of the arrangement respecting the purchase of the Robert charter.

Q. Did you get that information?—A. I did.

Q. Were you able to formulate any basis upon which your lot, in so far as your lot is the Sterling Industrial Corporation, should be thrown into the Syndicate or the Beauharnois interests?—A. Oh, yes. Senator McDougald asked me what I thought it was worth; what I thought the merging of the interests was worth.

Q. And I take it that as a business man and a competent engineer you considered all the aspects before you determined what it was worth?—A. Yes.

Q. From the time Senator McDougald asked you to make up your mind what you thought it was worth to throw in your lot, and throw in the Sterling with Beauharnois, how long a time elapsed before you decided?—A. Not very long; perhaps a couple of weeks.

Q. During that couple of weeks what did you do?—A. I considered what I had done myself in engineering and other investigations made over a period of five years, and came to the conclusion that it was worth the equivalent of \$50,000—

Q. And as a result of that?—A. —and, if you will let me finish.

Q. Yes?—A. —and that \$50,000 translated into part interests, what had been subscribed for the part interests by those people who went into the Syndicate first, was equivalent to about 2,000 part interests. I told Senator McDougald that the merging of those interests ought to be worth 2,000 part interests.

Q. What was his attitude towards the suggestion?—A. He thought it was all right.

Q. And that was the conclusion?—A. That was the conclusion.

Q. At that time had there been any arrangement as to what number of part interests you were to get?—A. No, there was not.

Q. Any discussion of it?—A. No.

Q. During this information-getting campaign and these discussions, from the early part of 1928, did you run into Mr. W. B. Sifton? Did you know Mr. Sifton?—A. I knew Mr. Sifton, yes.

By the Chairman:

Q. Can you say how much money was actually spent up to that stage on the Sterling Industrial Corporation?—A. I could only make an estimate.

Q. Approximately how much actual money?—A. I would estimate my own out of pocket expenses as in the vicinity of \$5,000. Senator McDougald will have to speak for himself.

By Mr. Mann:

Q. You don't know anything about what he spent yourself?—A. I do know Mr. McRae was paid, I think it was \$3,500.

Q. That is what you said at the other inquiry. Now, coming to Mr. W. B. Sifton—and when I speak of Mr. W. B. Sifton, I mean in relation to power project on the south shore—when did you see Mr. Sifton in relation to power project on the south shore for the first time?—A. Would you refresh my memory by telling me when the Ottawa-Georgian Bay Canal project was going through.

Q. I am afraid you have got me. I didn't know that it did go through?—A. It was under consideration.

Q. It was under consideration when I was a small boy.

Hon. Mr. McMEANS: He means the last part of it; the time they were making application to get their charter.

The WITNESS: Yes.

Hon. Mr. McMEANS: It cannot be more than a couple of years ago.

The WITNESS: At any rate, it was about the time the Georgian Bay discussion was going on. I don't remember what year it was.

By Mr. Mann:

Q. Let us take the year 1927. Can you picture any circumstance in your mind in 1927 that associates you with acquaintanceship with Mr. Sifton in respect of power on Beauharnois?—A. No, certainly not in 1927.

Q. Let us say in 1928?—A. I think I had some discussions with him in 1928.

Q. What were the discussions in 1928?—A. They were largely academic.

Q. Mr. Sifton was a lawyer. You knew that?—A. They related chiefly to the question of provincial versus federal rights.

Q. So you were discussing the legal question with Mr. Sifton?—A. That is the only question I ever discussed with him.

Q. Would that be in the early part of 1928, that you spoke of fifteen or twenty minutes ago?—A. I think so, yes.

Q. Where was that?—A. That was in Ottawa.

Q. Did you ever see Mr. Sifton in company with Senator McDougald on any discussion of power?—A. I don't recall that I ever saw the two of them together.

Q. I am not limiting that to 1928; I am taking that at any time?—A. I don't really recall any occasion that I did see the both of them together in connection with power development, or anything else for that matter.

Q. Did you know Mr. Leslie Clare Moyer?—A. Yes.

Q. Who was he?—A. He was a lawyer in the city of Ottawa.

Q. What relationship did he have to Beauharnois Power, so far as you know?—A. I understood that he was a representative of the Syndicate.

Q. Who did you understand that from?—A. I think from Senator McDougald.

Q. Can you say about when that was—that you learned Mr. Moyer was a representative of the Syndicate?—A. I cannot say.

Q. Is that all you learned—a representative? Did you learn anything about his powers or his ability to deal with financial matters respecting the Syndicate?—A. I did not.

Q. Just tell me what you learned from Senator McDougald, and I will content my self with that?—A. All I remember learning was that he was one of their Ottawa representatives.

Q. You saw Mr. Moyer, I suppose?—A. Occasionally.

Q. And discussed what with him?—A. Didn't discuss anything.

Q. All you did was to say good morning or good afternoon, as the case might be?—A. That is all.

Q. And that is your total association with Mr. Moyer?—A. That is correct.

Q. I wonder if you could suggest a reason why in 1928, when you were fixing your Sterling Industrial shares, the issued capital of the Sterling Industrial Corporation—why your interest as between you and Senator McDougald was not defined, because I think you told me it was not then defined?—A. No, it was not defined. I might tell you that I had it in the back of my mind that at that stage it ought to be on a fifty-fifty basis. Earlier in the progress of the development I realized the fact that some large financial assistance or contribution might be made and that under those circumstances I might not be entitled to fifty per cent; but the thing that was in my mind at that time was the fifty per cent interest. But it never was defined.

Q. All you are saying, as I understand it, when you came to the summer of 1928 you concluded that you should have a fifty-fifty share in the project?—A. That is correct.

Q. When did you suggest to Senator McDougald, or he to you, what your interest should be in the Sterling Industrial Corporation?—A. On August 1, 1929, I sat across the table from Senator McDougald, and he said: "You are about to go into the hospital. We ought to clarify our respective positions in this Sterling project. Do you think that a thousand part interests would be fair?" And I said, "I believe it would."

Q. You have handed me a letter dated the 1st of August, 1929?—A. This is a copy.

Q. Is that a copy of a letter you received from Senator McDougald?—A. That is a copy of the letter.

(Copy of letter of August 1, 1929, W. L. McDougald to R. A. C. Henry, filed, marked Exhibit No. 132.)

Q. Now, Mr. Henry, do you state that the first suggestion that the sale price of Sterling Industrial should be 2,000 part interests came from yourself?—A. Yes, sir.

Q. And that was after the consideration of the circumstances of the assets and value of the Syndicate and the entire review?—A. It was based largely upon what I considered the efforts I had made over these five years were worth.

Q. Now, you have come to the fixing of the value of the Sterling Industrial Corporation, and I have jumped to the 1st of August, 1929, when you settled your partnership interest, if I may call it that, in respect of the Sterling Industrial Corporation.

The CHAIRMAN: What is the date of that?

Mr. MANN: 1st of August, 1929. That is when they settled up between them.

By Mr. Mann:

Q. What did you do in respect of the selling of the Sterling to the Beauharnois interests, from 1928?—A. I did nothing whatever.

Q. You had fixed the value at 2,000 part interests, and did nothing whatsoever to get the Beauharnois Syndicate to agree to pay 2,000 part interests?—A. Nothing whatever.

Q. Do you know what, if anything, was done to get the Beauharnois Power Syndicate to agree to pay 2,000 part interests to Sterling?—A. I know that sometime in December, 1928, an agreement was made to sell it.

Q. Before that agreement was made were you told by Senator McDougald that the Beauharnois Syndicate had agreed to pay 2,000 part interests for the Sterling Industrial Corporation stock?—A. I was led to understand that they were willing to pay it. I was not told they had agreed.

Q. What do you mean by saying that you were led to understand?—A. I mean that in my discussions with Senator McDougald I got the impression that they had agreed to acquire it on that basis.

Q. On the basis that you had decided was the basis to acquire it in July or August, 1928?—A. No, that was probably October.

Q. I thought you told me it was in about August, 1928, that you had the discussion leading to determining it?—A. No, it was later than that.

Q. The first discussion was later than that?—A. The first discussion—I would say it was about the middle of October I fixed the price.

Q. Then, as far as you know, there had been no discussion whatsoever over the purchase of the Sterling Industrial by Beauharnois up to that time, or following that time, until you learned it had been purchased?—A. Correct.

Q. Have you any information that will help us in illustrating how these negotiations were carried on to the ultimate conclusion of purchase?—A. None, whatever.

Q. Who did the negotiating?—A. Mr. Ebbs asked me whether 2,000—whether it was all right to make an agreement for 2,000 part interests; but just when that occurred, between the middle of October and December, I could not say positively.

Q. Apropos of that, what did you mean when you said in the inquiry before the House of Commons Committee: "I think I instructed Mr. Ebbs to take his instructions at that time from Senator McDougald, because Senator McDougald was then interested in the Syndicate."

The CHAIRMAN: What is the page of the report?

Mr. MANN: Page 573.

The WITNESS: What I meant by that was that Mr. Ebbs had really been looking to me in regard to Sterling, and he asked me about these 2,000 part interests, and I think I told him it was all right for him to take his instructions from Senator McDougald.

Q. Don't you see that someone must have told Mr. Ebbs about 2,000 part interests or he could not have said that to you?—A. My impression is that Senator MacDougald must have.

Q. Where do you gather that impression?—A. The fact that he came and asked me.

Q. The fact that Mr. Ebbs came and asked you?—A. Yes. He was representing Senator McDougald in the Syndicate, and was also president of the Sterling.

Q. I see. So for those reasons you immediately assumed that Senator McDougald must have told him the agreement you had come to between you, so that you should get 2,000 part interests from the Beauharnois group. Did you or did you not have a conversation with Senator McDougald which impressed upon you the necessity of staying out of any negotiations for the purchase by the Beauharnois Power Syndicate of the Sterling Industrial Company.

Hon. Mr. CANNON: One moment. Again I want to call the attention of the Committee to the form of the question. This is your witness. That my learned friend should ask all about conversations, when they took place and what was said, is all right; but here he defines the nature of the conversation and asks did it take place.

The CHAIRMAN: I do not think Mr. Henry is in any danger. He is a very careful witness.

Mr. MANN: He is not in very much danger.

Hon. Mr. CANNON: No, but in fairness to everybody. I will agree that Mr. Henry is a most able witness. That is an additional reason why Mr. Mann ought to be satisfied to question him in the usual way.

Mr. MANN: I think Mr. Henry is able to take care of himself.

By Mr. Mann:

Q. Did you have a conversation with Senator McDougald which indicated to you or impressed you with the fact that you should have nothing whatever to do with negotiating for the sale of the Sterling Industrial Corporation to the Beauharnois Power Syndicate?—A. No. I don't think we had any discussion about it when I made up my mind that 2,000 part interests was what I considered the fair value under the circumstances, and that satisfied him. I left the rest to him entirely.

Q. You left the rest to him entirely?—A. I did.

Q. Although you did not have a conversation whereby you left the rest to him entirely?—A. There was no discussion.

Q. It was merely a process of understanding?—A. Yes.

Q. "Two souls with but a single thought." Is that it, in respect of the negotiations?—A. Well, he having agreed with me that 2,000 part interests was the proper consideration, I didn't think it was any of my business, or that it would be altogether right for me, to try and negotiate when he was doing it, so I left it entirely to him.

The CHAIRMAN: Are you going to read that letter?

Mr. MANN: Perhaps I had better. This is Exhibit No. 132:

360 St. James Street,
Montreal.

August 1, 1929.

R. A. C. HENRY, Esq.,
145 Broughton Ave.,
Montreal West, P.Q.

DEAR MR. HENRY,—For good and valuable considerations, I, hereby agree to turn over to you or your nominee, or in the case of death, to your Estate; One Thousand (1,000) Fully Paid Up Part Interests in the Beauharnois Power Syndicate, you to receive when the Beauharnois Power Syndicate is paid off, (\$150) One Hundred and Fifty Dollars per share in cash and Forty Thousand (40,000) shares of Common Stock in the Beauharnois Power Corporation, which is to be the Holding Company; this in accordance with an Agreement between the Bankers and the Beauharnois Power Syndicate.

The only condition attached to this transfer is that you agree to pool with me the above-mentioned shares, namely (40,000) Forty Thousand, for a period of ten (10) years to comply with an undertaking which I am to enter into with other interests for a pooling agreement of all my own holdings in Beauharnois Power Corporation.

Yours very truly,

(Sgd.) W. L. McDOUGALD.

WLMcD

F

Witnessed

(Sgd.) JOSEPH FRANK.

By Mr. Robertson:

Q. Mr. Henry, you had to do with the organization or incorporation of the Sterling Industrial Corporation in about 1923 or 1924?—A. 1924.

Q. As I understand it, what we might call the corporate activities of that company ceased about 1924, I mean directors' meetings, and that kind of thing?

—A. I do not remember whether they did or not.

Q. That is a matter, perhaps, of record?—A. Yes.

Q. But whether they ceased or continued, your own activity and interest in promoting the scheme that you had in mind in connection with that company still continued?—A. Yes.

Q. And you had activities in the way of trying to see what could be done in the way of getting necessary rights from people who had them?—A. Yes.

Q. As I understand your evidence, you interested yourself in seeing what could be done to sell power?—A. Yes.

Q. And you were spending a good deal of your time and thought on that kind of thing?—A. Yes.

Q. And I take it from what you said this afternoon that to your mind that considerably enhanced the value of the Sterling proposition. I do not mean that it gave it a market value, but that was all work that would be necessary and valuable if Sterling finally became a going concern? What do you say?—A. The value depended upon the soundness of the project, the ability to finance—

Q. But no matter how sound the project might be, purchasers of the power that the project developed were very necessary?—A. And the ability to sell the power.

Q. And you had been negotiating somewhat to that end?—A. Oh, yes.

Q. Had made, you thought, some substantial progress that way?—A. Well, I had inquiries from people who wanted half a million horsepower.

Q. They were substantial people?—A. Oh, yes.

Q. People who you expected were able to take the power, if you decided to sell?—A. Yes.

Q. Those were matters that would all be valuable to such a proposition, if you got it going?—A. Yes.

Q. And you were working along that way, as I understand it, as late as 1927, in any event?—A. Certainly in 1927.

Q. And along in 1928 you heard of what we might call the oppositon scheme, the Beauharnois scheme, that Mr. Sweezey was fathering?—A. Yes.

Q. And I understand that for a time you rather thought you had the better horse of the two?—A. Well, I thought that my scheme of developing the power was more economical than theirs was.

Q. And I understand you also had the idea that you were in a better place, I mean you were going to the Dominion and he was working along Provincial lines, more particularly?—A. Yes.

Q. And you thought the necessary rights were to be got from the Dominion?—A. I did.

Q. Then it was rather the failure of your opinion as to the Dominion rights that made you change your mind somewhat in the fall, is that right? That is, you began to think so many people were satisfied that the province had the power, that you thought perhaps you were wrong, that perhaps the province had the power?—A. Well, I was beginning to think that, yes.

Q. That was the circumstance, as I take it from your evidence this afternoon, that was the circumstances that made you rather lose some of your faith in your own project, that rather than anything wrong with the project itself?—A. I think that is fairly stated.

Q. As a matter of fact, the Supreme Court had not at this time—that is in the fall of 1928—given any decision in the matter?—A. I do not think it had.

Q. The matter was still to be decided by any court, but you found that you had a good many people around you who thought you were wrong?—A. Yes.

Q. And you began to think that perhaps you were wrong too?—A. Yes.

Q. That is what a lawyer thinks when the Court of Appeal is against him, he begins to think that he is wrong.

The CHAIRMAN: I understand him to say that he is not sure yet that he is wrong.

The WITNESS: I am not sure.

By Mr. Robertson:

Q. That was the sort of thing you had to dispose of, and you began to think that perhaps you had better get into the other schemes?—A. Yes.

Q. Now, the other scheme at this time had still a good many rivers to cross before it reached success?—A. It had.

Q. While I understand the evidence has been that in the final outcome sometime later the rights you acquired, the part interests you acquired, did bring in a good deal of money and other interests that were valuable, that was a long way in the future?—A. It certainly was.

Q. And by no means a certainty?—A. That is correct.

Q. Would you say it was a fair way to put the exchange that was made in December, 1928, to compare the trading of Sterling with what was ultimately received for the 2,000 interests of Beauharnois? In your opinion is that a fair comparison to make, looking at it as it appeared in the fall of 1928?—A. I was not very confident that anything would develop for some considerable time in 1928. I certainly was not confident that anything would develop within any reasonable time.

Q. And it was quite uncertain if it would develop at all?—A. Because of the conflicts between the two jurisdictions.

Q. And it was under those circumstances, as I understand it, that at your suggestion a trading value of 2,000 part interests in the Beauharnois Syndicate was suggested?—A. I really was considering merging interests and trying to get something.

Q. At the time did you think it was fair?—A. At the time I thought it was fair, having regard to my knowledge of what it would cost to make the investigations which I had made myself.

Q. And having regard to the problematical value of what you were getting?—A. Yes.

Mr. SMITH: Of course, you are not overlooking the fact that the payment of the 2,000 part interests was contingent upon the action of the Governor General in Council.

By Mr. Robertson:

Q. I understand that it was the other people and not you who imposed the conditions? Mr. Griffith has told us that it was he who imposed that condition and not these people.

The CHAIRMAN: I do not think the Committee will spend much time on the question as to what was a fair value.

By Mr. Robertson:

Q. Throughout the Sterling operations, or whatever was done, is it not the fact that it was all done under the instructions of either yourself or Senator McDougald?—A. So far as—

Q. So far as anything done by the Directors or Board of Directors of that company?—A. That is correct.

Q. They were simply your nominees and doing what you told them?—A. That is correct.

Mr. ROBERTSON: That is all, thank you.

By Hon. Mr. McMeans:

Q. When you were dealing with those gentlemen in New York, trying to interest them in power, were you acting on behalf of yourself or the Sterling Industrial Corporation?—A. Well, I disclosed to them the fact that I had an application under the Sterling Industrial Corporation, or was interested in it.

By Hon. Mr. Cannon:

Q. Did I understand you rightly when you said that the price which was eventually paid for Sterling was fixed by you?—A. The price was fixed by me.

Q. For the reasons which you have given to the Committee?—A. That is correct.

By the Chairman:

Q. I should just like to be clear upon one matter. You went with the Department of Railways and Canals in 1912?—A. Yes sir.

Q. Were you in continuous service with the railways until you became Deputy Minister—I mean either the Department of Railways or the Canadian National Railways? Was your service continuous?—A. My service with the Department of Railways started in 1912. I left the Department of Railways in 1923 and my services with the Canadian National Railways continued until March 10, 1930.

Q. I mean, there was no break? It was either the Department or the railways?—A. Yes.

Col. ANDREW T. THOMPSON, K.C., of Ottawa, appeared as a witness, and having been duly sworn, testified as follows:—

The CHAIRMAN: My colleague, Senator Béique, suggests, Mr. Mann, that perhaps you had better give a brief summary of what Col. Thompson said before the other Committee. I understand you intend merely to supplement it?

Mr. MANN: That is all.

Hon. Mr. BÉIQUE: Will you commence by making a summary of it?

Mr. MANN: Well, it is difficult to summarize what he said, except to say that it relates principally to Exhibit 115, which is Col. Thompson's bill.

The CHAIRMAN: Have we a copy of that?

Mr. MANN: It is part of the record, Exhibit 115.

The CHAIRMAN: It is not printed, is it?

Mr. MANN: No. But my examination of Col. Thompson will be very short, and I venture to suggest that perhaps it would be shorter than taking the book and making a summary of what he has already said.

By Mr. Mann:

Q. You were examined before the Committee of the Commons?—A. Yes, Mr. Mann.

Q. And you gave evidence in respect of services rendered as recited on the bill dated 24th of July, 1928, and rendered to the Beauharnois Light, Heat and Power Company?—A. Yes.

Q. You are familiar with the bill which you rendered?—A. Yes.

Q. This account, I may say, was rendered from your books?—A. Yes.

Q. Then I think you said your first retainer was from the Dominion Securities Corporation, in about October, 1927?—A. That is right, sir.

Q. And from that it developed into a process of advising or doing work for the Beauharnois Power Corporation?—A. Yes.

Q. And the work that you did from the receipt of that letter is what is set forth in the bill, Exhibit 115, is that correct?—A. Yes, itemized.

Q. I note that in the bill there are many names not spelled but referred to by a capital letter.—A. Yes.

Q. Is that the habit in relation to your work?—A. Oh, yes.

Q. But why?—A. Well, in sending out bills of account to clients I wish to show them that services were rendered upon the dates shown in the account, but I do not make a practice of stating the names of the people whom I interview. If they want to ask me about it I can tell them, as long as it is shortly after the bill.

Q. Is that because of parliamentary practice that you would rather have the matters kept—I take it that there is nothing under-hand about it, whatsoever?—A. Quite so.

Q. It is merely that you would rather have these names kept free from public gaze, in so far as you possibly can?—A. Quite so, sir.

Q. There is nothing wrong, but I have to ask you.—A. Yes, quite right.

Q. I have to ask you during the progress of the inquiry as to whom you did refer when you mentioned initials.—A. Yes.

Q. Now, you have handed me your file and I will be obliged to read from a number of letters in this file. I am proceeding down the bill to the item of January 4, 1928. I see that on January 4, 1928, January 5, and January 6, that you had consultations, long consultations with Mr. Steele. First of all, Mr. Steele was the Manager of the Dominion Securities Corporation.—A. Vice-President.

Q. Vice-President and General Manager of the Dominion Securities Corporation?—A. Yes.

Q. And Mr. Fred Brown, who was he?—A. He was one of the engineers in connection with the Beauharnois.

Q. And Mr. Ainslie Greene?—A. A lawyer of Ottawa, who was employed with me in the parliamentary work. At the time he and I were employed to do work with the Department of Railways and Canals and the Department of Public Works.

Q. And Mr. Winfield Sifton?—A. Yes.

Q. Who was also a lawyer?—A. Yes.

Q. And Mr. Hugh Griffith, who was the Secretary?—A. Yes.

Q. And that work consisted in doing what?—A. Well, in consulting together as to how best to promote the application of these gentlemen for the Order in Council which they required here in Ottawa.

Q. And what did that consist of?—A. We found that the application was being strongly opposed here by other power interests. We were asked to interview as many people as we could and to explain to them the merits of our project and to meet and refute, as far as possible, arguments which were put up by our opponents in opposition to it.

Q. And I take it that there was certain further information that did not come within the ambit of the press and that you got, in relation to the opposition that was put up against you?—A. I cannot recollect as to that. But it was to promote, as far as we could, the interests of the applicants.

Q. And I find that on January 7, 1928, you have "Further work re report of Committee and important interview with Mr. C." Who was Mr. C, of Quebec city, re the attitude of citizens of Quebec?—A. I could not tell you at this date who Mr. C was. That is how many years ago, over three?

Q. Yes, it is over three.—A. Frankly, I could not tell you that.

Q. It is exactly four years and a month.—A. We were trying to get the attitude of people all over the country as to this development which was partly navigation as well as power.

Q. Let me proceed to the 12th of January, 1928. You had an interview on that day with Mr. Greene and Col. Daly. What was Col. Daly's function?

—A. He is a lawyer practising here in Ottawa, and also a Parliamentary Agent. I was instructed to retain Col. Daly in support of the application. I did so and I paid him a retainer of \$500. A few days subsequently Col. Daly replied that he found because of other interests that he could not act for the promoters and he returned the money.

Q. Yes, I quite understand that. That appears by the debits and credits.

—A. Yes.

Q. He returned the retainer?—A. Yes.

Q. And who was Major Moyer, and what were his interests?—A. As far as I know, and I think I do know, because we were constantly in conference—

Q. Yes, I see that.—A. Major Moyer was retained just as Mr. Greene and I were, to promote, as far as he could, the interests of the applicants. And his office, I think, was largely used for display of maps and sending out literature, and so on.

Q. Would it be fair to say that the interest that you had in mind was putting as satisfactory a light as possible upon the interests of the applicants in the political field?—A. Yes, sir.

Q. That is a fair statement?—A. Yes; and, as I say, also see people from all over Canada who happened to come to Ottawa, if they were men of importance in their own places.

Q. Your work was painting as nice a picture as you could to the powers that be?—A. We certainly wanted to create a favourable impression.

Q. And then you proceeded in the creating of that favourable impression, you proceeded to discuss the matter with cabinet ministers?—A. Yes.

Q. And with senators?—A. Yes.

Q. And the powers whom you hoped to wean to the favourable consideration for your clients, is that correct?—A. Members of the House of Commons—

Q. People whom you hoped to wean over?—A. I would not say they had to be weaned over. I do not know that they were opposed. We sought to extend our project along the lines of those various memoranda which were distributed.

Q. Now, Col. Thompson, during this progress I may take it that you had interviews with your clients on numerous occasions?—A. Oh, yes.

Q. Represented by their many lawyers?—A. Yes.

Q. And I suppose represented by their officers? You had conferences with your clients?—A. Constantly.

Q. Now, coming to the 13th of January, I see that you had an interview with a gentleman whose name you have not given an initial to, but he is declared to be a cabinet minister.—A. Yes.

Q. That was on the 13th of January. That was in furtherance of this desire that you had?—A. Yes, absolutely.

Q. And on the 14th of January a Mr. W. Are you able to tell me who that Mr. W happened to be?—A. No, sir, I have not the slightest idea. That, too, is four years ago.

Q. Am I to say that in respect of all those initials you are not able to say who the men are?—A. I think you might say with regard to all of them.

Q. I notice that you have mentioned the Hon. Mr. R and Senator R and Senator S. You do not know who those gentlemen are?—A. No, I do not know.

Q. But you have no doubt who Mr. Church, M.P., is?—A. Yes, I know Mr. Church.

Q. You have named him in full?—A. Yes.

Hon. Mr. CANNON: There is only one.

The WITNESS: Pardon me, isn't that in connection with some action that Mr. Church took in the House of Commons? It was not an interview with Mr. Church, was it?

Mr. MANN: I think it was some anxiety expressed by somebody with respect to a motion he made in the House of Commons.

The WITNESS: Yes.

By the Chairman:

Q. Did those senators know that they were being designated by those initials?—A. I do not think so, sir.

Q. For instance, if we called the roll would they stand up?—A. I do not think so. It was the big thing of the session and being discussed by everybody.

By Mr. Mann:

Q. It was the big thing?—A. I would say so, decidedly.

Q. I see quite a number of interviews here with the Hon. Mr. R and long interviews with Senator R. I am wondering, Col. Thompson, if with so many Senator R's in those documents if you cannot just place him. You suggested to the Committee before that if you had the Parliamentary Guide that you might be able to say who it was.—A. Have you got one for that particular year?

Q. I have not one for 1927, but I have one for January, 1928 (producing).—A. I have the list here, sir. Do you want me to read the names?

Q. Who is Senator S?—A. Senator R you were talking about. Well, there were Senators Rankin, Raymond, Reid, Riley, Robertson, Robinson, Ross and Ross. That is all.

Q. And which one of those was it?—A. Well, I do not think I could swear to any individual one.

Q. Perhaps you saw them all, Col. Thompson?—A. I may have done so. I certainly would make that endeavour, sir. The only one—well, I remember seeing one, and I do not think there is any harm in telling it. The gentleman is dead now, my old friend, the Hon. John Reid, I remember seeing him. He had been a former Minister of Railways and Canals and had a great deal of knowledge of projects of that kind. And probably I saw three or four of the others. I may have seen them all; I did the best I could.

Q. Will you take the M's in the list of senators and tell me who Senator M was in this bill, if you can tell me? Did you see all the senator M's?—A. No, I could not tell you.

Q. Will you just tell me who Senator M was, if you can? He is mentioned several times—"Important interview with Senator M, March 1," and "Important interview with Senator M, March 15."—A. I think that March 15 was extended to be Senator McDougald. I think there is very little doubt about it.

Q. My difficulty is that it is not extended on the bill.—A. But that bill is the bill that I sent out from my office.

Q. I take it that I have the bill that you sent out from your office. This is the bill that was filed before the House of Commons Committee?—A. Yes sir.

Q. And you say that the name of Senator McDougald on March 15th was extended where?—A. I think that was in my docket.

Q. Will you look and see if it is, and also look at March 1st?—A. In other words, I would like to make that clear, because I am perfectly frank with the Committee and intend to be so. That bill, of course, was sent out long before there was any inquiry ever mooted. That was sent out from my office and that is the copy on my file and there was no endeavour to send out a bill of costs, different from the ledger to deceive the Committee.

Q. Of course, that goes without saying. The bill is dated 24th July, 1928, and the Committee sat only a year ago, so there can be no doubt about that.—A. There could be no endeavour to deceive.

Q. Not in the slightest.—A. Just as I told you, it is written "Senator McDougald" in full here on the 1st of March, in my docket.

Q. But you will appreciate that we have not had the confidence of that docket till this minute.—A. This book was filed with the House of Commons Committee.

Q. I mean here, I am asking you just what was that?—A. That is all right, and I am trying to facilitate you, and now I see his name is extended in that particular case.

Q. What was it on the first of March—Important interview with Senator McDougald? Does your docket show what that interview was about?—A. No. Would you like to see it?

Q. No, Col. Thompson, I will take your word; you cannot remember what it was about?—A. Not a thing in the world.

Q. You cannot remember? I think you said the March 15th one was with Senator McDougald, and you cannot remember what it was?—A. No, not to my knowledge. Senator McDougald and I have been friends for many years. I have had many interviews with him, and I have no doubt it was such. I regarded him as an important man; he had been chairman of the Harbour Board of Montreal; he was prominent in finance, and a senator. I went to him and discussed these matters with him on two different occasions, and I have no doubt I got considerable information from him, because he knew more about those things than I did. But apart from my docket I cannot state anything.

Q. I don't suppose you know whether you had those interviews up on the Hill or down at your office?—A. I don't think he was ever in my office in his life. It might have been at the Chateau.

Q. Then I take it that you cannot remember?—A. I cannot, any more than I tell you.

Q. There is one date, March 20, 1928,—“Morning, conference with Mr. Sifton. Afternoon, interview with Mr. Sifton, who asks written opinion on certain phases of the Independence of Parliament Act.” Tell us, if you can remember what were the phases of the Independence of Parliament Act that Mr. Sifton asked?—A. I cannot swear positively to that. I think it was in regard to selling shares to members of Parliament—Whether that would be a breach of the Independence of Parliament Act. Of course I was able to explain to him offhand that members of parliament had a perfect right to own shares in companies, even if those companies are before Parliament; but I do not think I gave him a written opinion.

Q. No; all that is here is that Mr. Sifton asked you for an opinion as to certain phases of the Independence of Parliament Act?—A. Yes.

Q. And you think you gave him a verbal opinion?—A. Yes.

Q. In respect to the ability or right of men in public office, as members of parliament, of the House of Commons?—A. That if he wanted to sell shares in this company to them; whether that would be a proper thing, or whether it would fall under the terms of the Independence of Parliament Act.

Q. It strikes you that if the question was that Mr. Sifton wanted to sell shares to a member of parliament of Canada, it was a perfectly proper thing to do?—A. I am not positive, but that is my rather hazy recollection of it. That is as near as I can get.

Q. Surely, would it not suggest itself to you as an experienced lawyer that a member of parliament should not be debarred from buying shares and securities; that would not interfere with the Independence of Parliament Act?—A. That is what I told him.

Q. But there must have been something a little more than that, Col. Thompson, because Mr. Sifton, who was a prominent lawyer, would not suggest that the Chairman or the members of the Committee could not buy whatever stock they liked?—A. No.

Q. Now, what was the thing that required an opinion?—A. Unless it was that this matter was current and going on at the time, and whether it would lead to regulations if he did so. There might be some question of the price at which he sold stock. But this is all surmise. I tell you sincerely I do not know the terms of that interview, and I cannot tell you.

Q. Since the last investigation you have not refreshed your memory?—A. No, I never thought of it.

Q. I may take it that the Independence of Parliament Act was under discussion between you and Mr. Sifton in the relationship, in some way, between members of the Canadian parliament and the project?—A. There is no doubt of it.

Q. Who those members were you are not able to say?—A. No; I think it was just a general question.

Q. The only thing you are able to say is that you did have that general discussion with Mr. Sifton?—A. Yes.

Q. I wonder if I might trouble you to refer to your docket again and turn to the entry of January 26, 1928, and tell me about the item there, which is—"Active work on Hill—important interviews with Senator S." Does the docket indicate who Senator S. was?—A. (Turning to page 124 of docket). What was the date, again?

Q. January 26, 1928?—A. Well, all I have got in my docket here is—"Active work on Hill, and important interviews." I have not got any name at all of any kind.

Q. On January 26th it says—"Active work on Hill—important interviews with Senator S."?—A. Well, I will see how my docket is. My stenographer makes out these bills of costs. The docket says, "Active work on Hill; important ints."

Q. Can you tell me who the "Hon. Mr. R." is on the 28th January?—A. No.

Q. Does your docket show who the "Hon. Mr. R." was?—A. What date was that?

Q. 28th January?—A. Well, perhaps it does—(examining docket) No. Hon. Mr. R. might have been a member of the House of Commons; it may have been a cabinet minister.

Q. You do not remember?—A. No.

Q. Now, Col. Thompson, coming to April, 1928, the same general work appears to have been pursued upon the Hill?—A. Yes.

Q. I find on April 16th the words—"Important day on account of promised tabling of correspondence re St. Lawrence Waterways;" then on April 17th—"Several interviews re yesterday's remarks in Commons and newspaper accounts of correspondence with U. S. Government"; followed by attendance on both Senate and House of Commons; then, on April 19th 1928, "Several interviews with senators re proposed Committee of Enquiry"?—A. Yes.

Q. What proposed Committee of Enquiry was that?—A. I could not tell you at that date, that proposed Committee of Enquiry; but there must have been something said or mooted at the time, and I tried to get some information as to its scope, and so on.

Q. Would it be fair for me to suggest that there was a Committee of enquiry proposed to be made in the Senate?—A. I could not tell you the scope of it, but I think I overheard something. I do not know any more than you have read. There must have been something in the newspapers or the corridors that there was to be a Committee of Enquiry, and I wanted to find out what its scope would be, and so on. It was no doubt interesting to my people.

The CHAIRMAN: That would be the Senate's inquiry in April, 1928.

Mr. MANN: That is what I am trying to get from Col. Thompson, and I have no doubt he is trying to remember.

The WITNESS: You are quite right.

By Mr. Mann:

Q. Was it the National Advisory Committee that you referred to—an inquiry by them?—A. I could not tell you.

Q. Or was it the inquiry of the Senator Tanner Committee?—A. Were there two different committees at that time?

Q. I have asked you whether there was a Committee or not?—A. I cannot tell you anything about it, more than there must have been some committee being mooted, and I was making what enquiries I could.

Q. Col. Thompson, is there any objection to Mr. Smith and myself having that docket of yours, on the understanding that nothing in the docket will be revealed except for the purpose of getting information?—A. Not a bit. I am not a bit afraid of you stealing my clients. I don't think you would try, and I don't think you could.

By Hon. Mr. Cannon:

Q. You have produced that docket already?—A. Yes.

Q. I think you produced that docket before the Commons?—A. Yes.

Q. This book was placed before the Committee last year?—A. Absolutely.

Q. And again you have volunteered all the information you possibly could?—A. Everything that I could give.

COL. THOMPSON: Mr. Chairman, may I correct the last statement made in the evidence given by Mr. Griffith on page 83, in justice to myself?

The CHAIRMAN: Yes.

COL. THOMPSON: Here is the examination:

Q. You paid them \$10,000, did you?—A. That is my recollection.

Q. You paid them \$10,000 for those items which are set out in their bills to you? That is what it was paid for?—

and so on. Now, he was referring to me in common with the other parliamentary agents at the time. I did not receive such fee. My pay was \$6,000, covering a period of nearly two years. Had I charged \$10,000 I think my charge would have been excessive, I think that the amount I received was reasonable, and I would like that error to be corrected.

The CHAIRMAN: You are correcting it now.

By Mr. Vien:

Q. Col. Thompson, can you state to the Committee whether any of those interviews with Senator R. mentioned in your bill—if any of those were with Senator Raymond?—A. No; that I can state positively, because I had not the pleasure of his acquaintance. They were not with Senator Raymond.

MR. MANN: Mr. Chairman, I have summoned Mr. Ainslie Greene, but we have conferred in reference to whether we want to call Mr. Greene, and we do not think we will call him, so I have no more witnesses to-day, but I want to recall Mr. Ebbs.

MR. JOHN P. EBBS was recalled as a witness, and testified as follows:—

By Mr. Smith:

Q. Mr. Ebbs, you are still under oath, and I have asked you to search the records of your office with a view to letting the Committee know what moneys you received for services in connection with the Sterling Industrial Corporation?—A. Yes; the bank book shows that there was \$2,500 received and deposited.

Q. When was that?—A. I thought I gave you the date.

Q. You told it to me, but I asked you to be in a position to tell it to the Committee?—A. Well, I have just forgotten. When I gave it to you I thought—

Q. From whence did that \$2,500 come?—A. Well, now, I can't tell you.

Q. Where did it go?—A. It was deposited in the bank. Do you want me to get the bank book? Perhaps that would be best.

Q. Perhaps I had better stand you down, and you can tell me what moneys you got, and when, and whence you got them, and what you did with them in connection with the Sterling Industrial Corporation?—A. I only know what the entries in the book show. When you ask what I got and what I did with them, I did not get them, and did not do anything with them.

Q. I mean the firm?—A. I can say what the books show.

Q. The firm of McGiverin, Haydon & Ebbs, and the Sterling Industrial Corporation; I want to know what moneys you received and how they were dispensed, and I want that to-morrow morning?—A. All right.

The CHAIRMAN: Is that all?

Mr. SMITH: We intend to recall Mr. Ebbs on this one question; that is very short. I intend recalling Mr. Griffith and Mr. Swezey, both in connection with campaign funds; there seems to be a disparity, at least, in connection with their evidence. Mr. Swezey is here; Mr. Griffith is arriving at some time to-night, and they have both agreed to place themselves at my disposal this evening, to see if I cannot find the facts and bring them before your Committee. That being so, these are all the witnesses the Counsel intended to bring before you, with this reservation, that I have discussed the matter with Mr. Cook, and he told me that Senator McDougald intended giving evidence. Mr. Robertson has also told us that perhaps in some other place—something you will deal with at a later date—Senator Andrew Haydon intends to give evidence. I have had no discussion with Mr. Vien in reference to the matter. In my opinion I think that is the logical way in which the matter should proceed, and then we will ask such questions as we may to bring out any further facts that we think should be brought out. So I may say, for the benefit of the gentlemen at the other table, that early to-morrow morning, so far as the general evidence goes, it will have been concluded.

Hon. Mr. CANNON: I understand that Senator McDougald would give evidence provided the evidence adduced up to that time would necessitate it.

Mr. SMITH: Of course I do not want you to place any wrong impression on anything I have stated.

Hon. Mr. CANNON: That is what Mr. Robertson and myself intend doing.

The CHAIRMAN: Then that is all to-night?

Mr. SMITH: Yes.

The Committee adjourned until to-morrow at 11 a.m.

MINUTES OF EVIDENCE

OTTAWA, WEDNESDAY, March 9, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at eleven o'clock in the forenoon.

Present: The Honourable Senators Tanner, Chairman; Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans, and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, for the Committee.

The Honourable Lucien Cannon, P.C., K.C., Quebec City, Quebec, Mr. John W. Cook, K.C., Montreal, Quebec, and Mr. Hugh E. O'Donnell, Montreal, Quebec, for Hon. Senator W. L. McDougald.

Mr. Thomas Vien, K.C., Montreal, Quebec, for the Hon. Senator Donat Raymond.

Mr. R. S. Robertson, K.C., Toronto, Ontario, for Honourable Senator Andrew Haydon.

Mr. SMITH: Call Mr. Ebbs.

Mr. JOHN P. EBBS was recalled as a witness, and testified as follows:—

By Mr. Smith:

Q. Mr. Ebbs, you are still under oath?—A. Yes, sir.

Q. You have brought with you this morning the bank book of the Sterling Industrial Corporation, showing its account in the Ottawa Branch of the Bank of Nova Scotia, which showed a deposit on the 26th of September, 1924, of \$2,497, and on 29th September, 1924, of \$3?—A. That is right.

Q. Making a total of \$2,500?—A. That is right.

Mr. SMITH: I tell you this as Exhibit 133.

(Bank Book of Sterling Industrial Corporation with Bank of Nova Scotia, filed, marked Exhibit 133.)

By Mr. Smith:

Q. This Exhibit 133 shows all the moneys that were received at any time by that Corporation?—A. Well, as far as I know.

Q. And you have been an officer of it for some time?—A. Yes, but as I say, I don't know of any—how I know is what the bank book shows.

Q. You know of no other moneys that were received from any other source for this Corporation?—A. I don't know.

Q. And do you know where this \$2,500 came from?—A. No.

The CHAIRMAN: That shows \$2,500; what is the \$3 item?

Mr. SMITH: I imagine that was to make up the exchange.

The WITNESS: Yes.

By Mr. Smith:

Q. Do you know from whom it came?—A. No.

Q. You have also produced for me the cheque books of the Sterling Industrial Corporation, and to stubs of those cheques the return paid cheques have been appended or pasted?—A. Yes.

Q. I observe that the first one is a cheque of September 29, 1924, to J. B. McRae for \$1,500?—A. That is right.

Q. That is the Mr. McRae we have been hearing about, the consulting engineer?—A. Yes.

Q. On the same date a cheque of the Carillon Industrial Corporation for \$500?—A. Yes.

Q. And of the balance there is a cheque to McGiverin, Haydon and Ebbs as of the 4th day of November, 1924, for \$127.15; your own disbursements in connection with the Sterling Industrial?—A. That is right.

Q. Then there are four or five of \$5 to the Secretary of State, which is just the annual fee of those concerns making its annual return?—A. Right.

Q. There is another cheque, I should say, which is not here—the stub of a cheque for \$250, 4th November, 1926, to Mr. J. B. McRae, who is the same Mr. McRae we have been speaking of?—A. Yes.

Q. And those show the total receipts and disbursements of that Corporation in so far as you know?—A. So far as I know.

The CHAIRMAN: Are those marked as Exhibits?

Mr. SMITH: No; I was going to tender them both as Exhibits 134 and 135.

(Cheque Book showing cheques issued by the Sterling Industrial Corporation, filed, marked Exhibit 134.)

(Cheque Book of Bank of Nova Scotia, Ottawa, showing cheque issued by Carillon Industrial Corporation, filed, marked Exhibit 135.)

The CHAIRMAN: Have you any questions?

By Mr. Robertson:

Q. I understand you were in no sense running the Sterling Industrial?—A. No.

Q. I think, as some other witnesses have said—perhaps you will confirm it—you were acting much as the office staff and members of the firm were acting, and as you sometimes act, as dummy director?—A. Yes.

Q. Doing what you were told by someone else?—A. Yes.

Q. And I suppose those entries were made in the same way; when somebody directed you to make them you made them?—A. Yes.

Q. I think somebody said that Senator Haydon was president at some time or other; I see you signed the cheques as president of the Sterling Industrial, and you had to sign, I suppose, to fill that position?—A. I never knew that Senator Haydon was president of the affair at all.

Q. No, in fact he is not; you were acting president and you were president?—A. Yes, I was.

Mr. MANN: He was for the first few years.

By Mr. Robertson:

Q. The cheques are all signed by you as president?—A. I think that is right.

Mr. ROBERTSON: Whenever he was around he was president.

Mr. MANN: I don't know; he was around in 1924, I believe.

Mr. R. O. SWEEZEY, recalled as a witness, testified as follows:—

The CLERK OF THE COMMITTEE: You are still under oath.

By Mr. Smith:

Q. Mr. Sweezy, I understand that with respect to one item of campaign funds, namely, an item of \$10,000, concerning which Mr. Griffith gave evidence here a day or two ago, you have some comment to make; I am speaking of \$10,000 paid to General McCuaig?—A. Well, there has been some confusion about it.

Hon. Mr. McMEANS: General McRae?

Mr. SMITH: No; McCuaig.

The WITNESS: There seems to have been some confusion about it. There is no doubt about it, it was my personal funds that I paid to General McCuaig.

By Mr. Smith:

Q. Did that money form any part of funds of the Beauharnois Power Corporation?—A. No, sir.

Q. I think I should ask you this; there has been some question as to funds coming from the corporation and funds coming from yourself; would you have made those donations, some large in amounts, were it not that you were promoter of Beauharnois?—A. Most unlikely.

Q. Is that all you have got to say about it?—A. Well, I think it is obvious that I would not have. I might have been generous, but not to that extent.

Mr. SMITH: I think that is all I have to ask Mr. Sweezy.

By Right Hon. Mr. Graham:

Q. You differentiate, do you, Mr. Sweezy, between money given by yourself, no matter who you are, and money given by you on behalf of the corporation?—A. Oh no, I always gave it as my own.

By Mr. Robertson:

Q. Is Mr. Griffith here?—A. Yes.

Q. Does he agree with you?—A. I don't know; I have not spoken to Mr. Griffith, only for a few moments, since he came up from Montreal.

Q. I would have thought that you would have consulted before you came into the witness box?—A. I did not know I did, but I noticed, in reading Mr. Griffith's testimony of last July, I think it was, he appeared to refer to the confusion in which his mind was at that time.

Q. And you appear to refer to the blank state of yours as to where the money came from, and you referred to Mr. Griffith?—A. Yes, as to details.

Q. You said to the Committee to see Mr. Griffith; you have no records to refer to?—A. No. I have no records of that kind.

Q. You were here last Thursday and made a statement in regard to other campaign funds, and you mentioned Mr. Cartier?—A. Yes, but I corrected that.

Q. No one suggested the name of Cartier to you; you gave it yourself, and you came back the next day and said you were wrong?—A. Yes.

Q. Was Mr. Cartier present?—A. No.

Q. How was it you mentioned Cartier on Thursday and corrected it on Friday?—A. That was the confusion, because I had communication with Mr. Cartier on an entirely different matter, and the number of people I meet in a year is legion, and I have difficulty in going back and picking out each individual; but as soon as I came out and got a view in the newspapers of the statement I made, then I remembered that Mr. Cartier was not the man.

Q. And the statement made this morning, I understood you had no record of it, but there was money of the corporation disbursed for campaign funds?—A. It depends on which campaign funds you refer to.

Q. I am not making it any more particular than that?—A. I don't think there was any for the federal. I feel that we are confined to federal here.

Q. Maybe we are, but I am trying to cross-examine you as to sources of information; you have no list anywhere to distinguish between federal and provincial contributions?—A. Well, provincial contributions are easier to remember.

Q. You have no lists?—A. No, I have no list.

Q. You have nothing to refer to; it is all a pure matter of memory?—A. Yes.

Q. And you come here to make a statement, you say, without having discussed the matter with Mr. Griffith, who made these statements?—A. Yes.

Mr. ROBERTSON: All right.

Mr. HUGH B. GRIFFITH was recalled as a witness, and testified as follows:

The CLERK OF THE COMMITTEE: You are still under oath.

By Mr. Smith:

Q. You are still under oath, Mr. Griffith?—A. Yes, sir.

Q. You have heard the statement Mr. Sweezey made in regard to this \$10,000?—A. I did.

Q. What have you got to say about it?—A. Why, Mr. Sweezey disbursed the funds; I did not; I was simply campaigning, and I have no knowledge that would contradict the statement Mr. Sweezey has made.

Q. Perhaps you can clarify it still more; you said here the other day that this \$10,000 had come from the funds of the company; that shortly, is what you said, and is there some confusion about that?—A. I believe there is. I had in mind the particular \$10,000 disbursement or cheque, and Mr. Sweezey last night—he stated in evidence—he discussed with me and told me the \$10,000 I had in mind was for some other purpose.

Q. And not a federal purpose at all?—A. Not a federal purpose.

By Mr. Robertson:

Q. When you made the statement on Friday last you believed it to be true?—A. I did.

Q. And you still believe it to be true?—A. No.

Q. You think it is not true?—A. It was made to the best of my knowledge and belief last week.

Q. And you have no further information to-day?—A. I have the information Mr. Sweezey gave me last night in conversation.

Q. He said he did not talk to you about it?—A. I think Mr. Sweezey said we had a discussion last night.

Q. He did not know what your statement was about it—however, we will leave it there; we have your evidence.

Mr. SMITH: That is the evidence, subject, sir, to such evidence as may be given by Senator McDougald, Senator Raymond and Senator Haydon, whom we have reserved the right to call in the event of their not giving their own evidence; that concludes the evidence we have to offer the Committee.

Hon. Mr. CANNON: Mr. Chairman, I understood at the opening of this investigation that it was agreed that our learned friends, Mr. Mann and Mr. Smith, were to lay what they considered relevant evidence before the Committee,

and after they had done so the senators who were connected with the report would then bring evidence if they thought fit, or not bring evidence. My learned friend now says that he declared his case closed, subject to his right to call the senators if he wishes to. I would like to have from him a clear and definite statement whether his case is closed or whether it is not.

The CHAIRMAN: There is no case closed; this is not a court.

Hon. Mr. CANNON: When I used the word closed I used it in the sense whether he has put before the Committee all which he considers essential, as representing the public, as he has been described. He ought to know whether he is through or not.

The CHAIRMAN: That was, I understood, for convenience, in order that you gentlemen would know what was going to be said. Of course I speak for myself; I took it for granted, and have taken it for granted all along, that the senators mentioned intend to give evidence. I would be very much surprised if they do not.

Mr. ROBERTSON: Before saying anything on this subject may I make this further suggestion. In stating my position on the matter of evidence I said I thought, from something that was said early in the case—you will remember, Mr. Chairman, that when the book was put in—the proceedings from the Commons Committee—my friend Mr. Mann properly said there was a good deal in it that was not properly relevant here. I thought there was something to follow, and I suggest now that it would be a very convenient thing if my friend could point out—I mean give us a statement in some form or other—as to just what part of this evidence he does think irrelevant. It is a little embarrassing to be told, “here is a book with largely irrelevant evidence,” and which irrelevant evidence we do not know. It means that we have got to take it all unless something of that kind is done. I mention that for the convenience, perhaps as much for your own convenience as my own. Now, as to Senator Haydon, he desires to give evidence. It has always been intended that he should give evidence. I have told the Committee before that he is a very sick man and may not be able to be here, and something has been said—perhaps not in the Committee but by yourself, Mr. Chairman—that something could be arranged in that way. Now, if there is any lingering sort of doubt in anybody’s mind as to Senator Haydon’s ability to be present, I have Dr. Argue, his physician, here. I asked him to come at this hour this morning, and if the Committee desire to hear him at all he is here.

Hon. Mr. McMEANS: What do you propose to do? I don’t understand you.

Mr. ROBERTSON: My suggestion is that in some convenient way the Committee would so arrange that Senator Haydon can give his evidence at his house, all opportunity being afforded for cross-examination. The Committee themselves can go down en masse if so desired—I do not know that that is wise—but he was anxious to be heard, and I saw him no later than last night, and he said that his doctor forbade him, and I brought the doctor here to satisfy you if you so desire.

Hon. Mr. McMEANS: The doctor does not forbid the giving of his evidence at his house?

Mr. ROBERTSON: No, he said that might be done.

The CHAIRMAN: The point, as I understand it now—we are dealing with Senator Haydon—

Mr. ROBERTSON: Yes.

The CHAIRMAN: You are informing the Committee that his medical adviser does not think that he is fit to come here; is that it?

Mr. ROBERTSON: Yes.

The CHAIRMAN: That he is fit to give his evidence privately in his home, for example; am I right in that?

Mr. ROBERTSON: Yes.

The CHAIRMAN: So far as I know, the Committee is very anxious and will be very anxious to facilitate that in some way, because we certainly expect to hear this evidence from Senator Haydon. Senator Raymond has informed us already that he is prepared to stand examination.

Mr. MANN: I was merely—

Hon. Mr. BÉIQUE: I was going to suggest this, that the evidence might be given in your presence—in the presence of the Chairman of the Committee and a couple of members.

The CHAIRMAN: Yes; the main point I wanted to be clear about is that there is no question about Senator Haydon giving his evidence provided he is not brought into this big crowd. I think that is the point, is it not?

Mr. ROBERTSON: Yes; the doctor, first of all forbids any sort of excitement and the physical exertion of coming.

Right Hon. Mr. GRAHAM: Don't you think, Mr. Chairman, it would be wise if the doctor were called to say that—for future reference, because some person might arise and say we had not any evidence at all except the statement of his Solicitor that Senator Haydon was not able to come.

The CHAIRMAN: I was coming to that, yes.

Mr. MANN: Mr. Chairman, I was going to suggest, in addition to that, for what it was worth, that perhaps this Committee might think that it was advisable for the Committee itself to name a representative to see Mr. Haydon with his own physician.

The CHAIRMAN: Who is Senator Haydon's physician?

Mr. ROBERTSON: Dr. Argue; he is here.

The CHAIRMAN: I do not know what the rest of the Committee think, but I am quite of the same mind as Mr. Mann. I think this Committee should also be represented by a physician of standing. I think we should also have a statement from an independent physician.

Hon. Mr. COPP: I think the statement of a physician as distinguished as Dr. Argue ought to be taken by this Committee, as to whether his patient is fit to come before the Committee or not.

The CHAIRMAN: I think on the House of Commons Committee they had three physicians going to see him.

Mr. ROBERTSON: Yes, they had three bills to pay, and it resulted just in him not being there.

The CHAIRMAN: I am agreeing for this reason, not merely to satisfy myself that Senator Haydon is or is not fit to give evidence, but if he is in the condition in which he is said to be, and as I understand you to say he is, this Committee ought to be assured that he is not going to take a step which might result in a very unfortunate event. For that reason alone I would like to have the advice of more than one physician.

Mr. ROBERTSON: May I suggest the convenience of Dr. Argue being here in the event that you might hear him now, and you do not need to make up your mind until you hear him, about getting another doctor.

Hon. Mr. McMEANS: Is it usual or necessary to call a doctor and put him on oath in a matter of this kind when he has given a certificate?

Mr. ROBERTSON: I am willing to go any distance to satisfy the Committee, and I do not want to go any further. I have the doctor here to satisfy you.

Hon. Mr. COPP: It is much easier for the doctor to come and give his evidence than to sign a certificate.

Hon. Mr. BÉRIQUE: We are going to have his evidence.

The CHAIRMAN: No doubt about that; it is only a question of how we go about it. We all want his evidence.

Mr. ROBERTSON: Shall I call him now—Dr. Argue?

The CHAIRMAN: I am thinking of Senator Haydon. We want to safeguard him and safeguard the Committee.

Mr. ROBERTSON: Shall I call Dr. Argue?

The CHAIRMAN: What do you say about the other physician?

Hon. Mr. McMEANS: If there is going to be a medical man called in I think they ought to consult together before either of them giving any evidence.

The CHAIRMAN: I would like the views of the Committee on that. If we think we are to have another physician beside Dr. Argue I think the two should act together.

Hon. Mr. ROBINSON: There is not any doubt about hearing Senator Haydon at all. I understand the importance of the doctor's evidence, but if it is only a question of where you hear Mr. Haydon—whether you hear him here or at his house—I don't think it matters so much then about the doctor's evidence, and I do not see the necessity of three or four doctors.

The CHAIRMAN: I don't know. I have heard so much about Senator Haydon's illness that personally I would not undertake to go even to his house unless the physician were there at the time of examination. I am expressing only my personal opinion, but I hear so much talk, I don't know whether it is correct or not; but I want to be safeguarded, as well as Senator Haydon.

Hon. Mr. McMEANS: We all feel that, Mr. Chairman.

The CHAIRMAN: I think, Mr. Robertson, that we ought to let the matter stand over until this afternoon, and we will decide about the other physician. I do not know whether the Committee agrees with me, but I say this with the understanding that we all want to take Senator Haydon's evidence. There is no prejudice to Senator Haydon.

Mr. ROBERTSON: Dr. Argue is a busy man. Shall I bring him back?

The CHAIRMAN: We are all busy men.

Mr. ROBERTSON: He is busy in Ottawa, and it is of some importance to him whether he comes back or not.

The CHAIRMAN: We may not want any doctor.

Mr. ROBERTSON: I really suggest, Mr. Chairman, that I am asking the Committee if they cannot hear him now.

The CHAIRMAN: If the Committee agrees with me we will let the matter stand for the moment.

Mr. ROBERTSON: I am not asking Dr. Argue to come back unless the Committee wants to hear him here.

Right Hon. Mr. GRAHAM: My suggestion was that we want to have something on record. I thought it was the most innocent thing in the world that as Dr. Argue is here he might go on record.

Mr. ROBERTSON: I do not see why Dr. Argue cannot make a statement here now. He is here for that purpose.

Hon. Mr. McMEANS: If there is any doctor to be appointed by the Committee—if that policy is to be followed out—I think it would be useless to ask Dr. Argue to give an opinion without his consulting the doctor who might be appointed.

Mr. ROBERTSON: I would not suppose for a moment that Dr. Argue, who has been in attendance on Senator Haydon for months, is going to change his opinion because somebody appointed by the Committee runs down and looks at the man. Dr. Argue is a competent man, and a man of capacity.

Hon. Mr. BÉIQUE: As far as I am concerned I think the question is very unimportant, because we are going to have his evidence. What is the trouble? I fail to see what is the trouble. We are going to have his evidence, and it is not very important whether his evidence is given here or given at his own house.

The CHAIRMAN: Well, the Committee will talk that over. Well, what next?

Mr. SMITH: As far as I can see, counsel for Senator McDougald have not yet told the Committee what their attitude is. I heard the statement by my learned friend Mr. Cannon, complaining that we had not lived up to something we said at the beginning, and he left the inference that we might not. I do not intend to answer that at all, but I wish they would state their attitude towards calling Senator McDougald. I think they could suggest, as other gentlemen have done.

Hon. Mr. CANNON: I think I stated it already, but I want to clear any misapprehension my learned friend might have in his mind. At the very outset of the proceedings I said Senator McDougald was at the disposal of the Committee, and so he is. He is also at the disposal of my learned friends. They are conducting this inquiry; I am not. Secondly, on Thursday Mr. Cook made this statement:—

Mr. Cook: I would like to say that my understanding of the orders of this Committee is that the counsel for Senators McDougald and Raymond and Haydon are not to be called upon to bring any evidence before the Committee until Mr. Mann has finished his evidence. In other words, that we are proceeding in the case more or less formally, because we would like Mr. Mann to finish his evidence first before we take the necessary steps to summon witnesses who would be necessary on our behalf.

Mr. SMITH: We intend to follow that exactly.

This is my learned friend Mr. Cook speaking. That is last Thursday. The third point that I wish to put before the Committee is that it would not only be convenient, but I might say essential, for both the members of the Committee and for counsel, to find out from our learned friends what they deem—as my friend Mr. Robertson has stated—what they deem material and what they deem immaterial in this bulky mass of evidence, so that we would know what we have to deal with. My learned friend has not made any statement; and again I say that the Senator is at the entire disposal of the Committee. He does not wish to change his attitude in the least, and if the members of the Committee or my learned friends think that he could be usefully put back before the Committee, he is right here to do so.

Mr. SMITH: Perhaps I had better read to you what Senator McDougald himself says as to what he intends to do. On the 16th day of July, 1931, speaking in the Senate, he made this statement:

Now, honourable members of the Senate, in concluding that statement my attorney said there was another place where I could be examined if my colleagues saw fit. I earnestly ask that a special committee of the Senate be appointed at once to investigate my interest in, and my connection with the Beauharnois Power Company, and I assure the Senate

that I will facilitate in every way the bringing before the committee of any material it may require, to substantiate anything I have said; also that I will put before it the facts concerning my interest, as to how and when it was acquired, and as to my connection with that company from its inception to the present time.

I took it that counsel for Senator McDougald would implement the statement he made.

Hon. Mr. CANNON: That statement was made in July, 1931. Since then Senator McDougald did give evidence, and that is a fact that has to be borne in mind. His evidence covers hundreds of pages of the report. This evidence has been brought before the Committee as an exhibit. When Senator McDougald said he was willing, and not only willing but eager, to place the facts before a special committee of the Senate, should such a committee be appointed, the Senator does not wish to change his attitude at all, and this morning I simply reiterate on his behalf what he has already stated.

The CHAIRMAN: Well, Mr. Cannon, I do not know what the views of my colleagues of the Committee are, but as I see the matter we are now at the stage when the Committee is ready to hear from your client, the Senator or any witnesses whom you want to bring before us.

Hon. Mr. CANNON: With all due respect, Mr. Chairman, I have my doubts as to that, because my learned friends have not stated to the Committee what stage they have reached.

The CHAIRMAN: I am saying it; I do not know whether you believe it or not.

Hon. Mr. CANNON: Oh, I believe every word you say.

The CHAIRMAN: The counsel for the Committee have informed us that they have no other witnesses to bring before us.

Hon. Mr. CANNON: I do not think they make that statement.

The CHAIRMAN: I said, on behalf of the Committee, some days ago that if you desired time for the purpose of bringing witnesses here you would have that time.

Hon. Mr. CANNON: I can take it for granted.

The CHAIRMAN: If you do not want to proceed to-day very good. The Committee is not going to force you to proceed; but as I understand it, we have now arrived at the time when we are to hear what your clients have to say.

Hon. Mr. CANNON: That is not my understanding of what my learned friends said. When they make that statement I will agree with you, Mr. Chairman, but they have not.

The CHAIRMAN: I do not quite understand what you mean. You know what we are here for, and you know why we are here.

Hon. Mr. CANNON: If my learned friends will agree with the statement of the Chairman—if my learned friends will concur in what you, Mr. Chairman, have said, I have nothing further to say.

Hon. Mr. McMEANS: Mr. Cannon, could you not be candid with us, and let us know—

Hon. Mr. CANNON: I will try to be.

Hon. Mr. McMEANS: Will you let us know whether you are going to call Senator McDougald or not?

Hon. Mr. CANNON: I will call him if it is necessary.

Hon. Mr. McMEANS: We are sitting here and want to know whether you are going to call him or not.

Hon. Mr. CANNON: Will my learned friend answer the question—will you have further witnesses to call?

Mr. SMITH: I have said I have no further witnesses, reserving the right to call those gentlemen if you do not do so.

Hon. Mr. CANNON: Why don't you call them now?

Mr. SMITH: I ask you to implement this, if you will—

I will put before it the facts concerning my interest, as to how and when it was acquired, and as to my connection with that company from its inception to the present time.

Do you intend to live up to that undertaking that was given by your client to the Senate, or do you not? Then I will know what to do.

Hon. Mr. CANNON: Mr. Chairman, I refuse to be cross-examined by my learned friend in that way. The point that I put before the Committee is simple; and in answer to Senator McMeans I do not wish to appear as not being candid in any way. Senator McDougald is here before the Committee, at your entire disposal. If Mr. Smith or Mr. Mann wish to examine him they can do so right now. If they do not wish to do that, before I decide whether I will examine Senator McDougald or not I would like my learned friends to point out to the Committee what is material and what is not material in this bulky evidence, so that I will know what I have got to examine my client upon.

The CHAIRMAN: Yes, but the Committee is not going to call on counsel now for addresses. We have the evidence. The Committee is going to consider that evidence. We are not trying this case. We are not delivering a final judgment. We are here to hear the evidence and report to the Senate that evidence, the facts. Any final dealing with the matter is entirely beyond us. It is the Senate that must deal with it; therefore there is no advantage to anybody for us to have speeches at any stage.

Hon. Mr. CANNON: I am not referring to speeches. I state that Senator McDougald is at your disposal. If my learned friends desire to examine him they may do so. If they decide not to, before I decide what I should do I would like to have from my friends some kind of information as to what they consider material for the work of this Committee in the mass of evidence that was given last year, so that we can know in some way what to do and what line of examination I should follow if Senator McDougald is to take the stand. I think this is very reasonable.

The CHAIRMAN: You are not insisting on that?

Mr. MANN: I am going to ask my friend, and insist on it. What I said at the beginning of this inquiry and what I intended to convey was that in the bluebook which is before you there was a lot of evidence which would be irrelevant here. For the benefit of my friend, in order that the matter that is shrouded in mystery may be cleared up, I may say here that the engineering problem, that the mechanical and physical matters of the Beauharnois project were irrelevant here. That is not what we were to inquire into, whether it was a proper mechanical or physical operation, but we were to inquire into the evidence which is appended, in that sense, that was taken before the Commons Committee at the last session. That is what I meant by relevant matter here; and in order that my friend may be in no way prejudiced I say now that I do not consider relevant the subject of how many thousand feet may flow through the St. Lawrence river, or whether it was proper to put the canal some other place. Those are matters that are entirely irrelevant to this inquiry. The inquiry is simply within the four corners of the order. If my friend wishes to sit up nights and study the engineering problem, that is something for which I am not responsible.

The CHAIRMAN: Do I understand, Mr. Cannon, now definitely and positively and clearly, that you are not going to ask Senator McDougald to go into the box and be sworn?

Hon. Mr. COPP: Before Mr. Cannon answers that question would you pardon me, Mr. Chairman?

The CHAIRMAN: I just want to know.

Hon. Mr. COPP: I would ask at this stage if there is not some misunderstanding about it. I understood at the beginning that Messrs. Mann and Smith were retained, with the approval of the Committee, to assist the Committee in carrying on this investigation.

The CHAIRMAN: Yes.

Hon. Mr. COPP: And I think there was a motion by Senator Béique that they were to represent the people, as the Attorney General, to get this evidence.

Hon. Mr. BÉIQUE: That was the understanding.

Hon. Mr. COPP: That being so at the beginning, the idea was that they were to go on and bring out before the Committee all the facts they had to lay before the Committee and the public in this investigation, with regard to the transactions that we are considering connected with the Beauharnois, as far as Beauharnois had to do in this report with the three senators named. Now, it does seem to me that the counsel acting for the Committee should be in a position to say whether or not they have concluded their case, and concluded the giving and supplying of evidence here in regard to the matter. If they do so, and have come to a conclusion, then it does seem to me for the senators, represented by counsel, to say whether or not they desire to take the stand on their own behalf. If they do not do that, then I think the counsel for the Committee should say whether they are through with their case or not. That is my idea in regard to it.

Hon. Mr. McMEANS: Quite reasonable.

Mr. SMITH: We have tried from the outset to act in the manner suggested by Senator Copp in connection with this matter, and I am anxious that you should know that we have no jockeying for position, or anything of that sort. I have said to the Committee that we have no evidence to offer save what may be given by the honourable gentlemen; that I intended to examine them if their counsel did not see fit themselves to do so. If Mr. Cannon can immediately say that he is not going to do it, I may immediately call the senators.

Hon. Mr. COPP: The only difference is, that you acting for the Committee, if you want to call Senator McDougald, can call him, or Senator Haydon.

Mr. SMITH: I take it as a matter of courtesy, or even propriety, in view of what we had a moment ago, that Senator McDougald would give his evidence in his own way. I would have thought so.

Hon. Mr. COPP: I do not want to argue with you, Mr. Smith, in favour of Senator McDougald. What I say is that if you, as representing the people, want to call Mr. McDougald, you can call him.

Mr. SMITH: I have said all I can.

Hon. Mr. McMEANS: As I understand this matter, it is referred to a special committee to consider a certain report made by the House of Commons. The Committee was appointed for the purpose of giving those gentlemen every opportunity to offer any explanation that they may see fit. Now we are here, and I see no reason why those gentlemen named should not take advantage of the consideration given them by the Senate, and make any explanation they desire.

Hon. Mr. COPP: The only thing in which I differ with Senator McDougald is whether he should or should not; I am not arguing whether the senators should or should not give evidence; that is for the senators to say for themselves.

Hon. Mr. McMEANS: The Committee was formed for the purpose, and the reference was made for the purpose, so that those gentlemen could not be condemned without being heard themselves. There was a resolution of the Senate that no member of the Senate could be condemned unheard. Now, when the report came down from the House of Commons casting very serious reflections on those three gentlemen the Senate said, "They must be heard; we will create a special committee and give them every opportunity of appearing before it." That is the view I have taken of it right along, and now we have reached the stage where these gentlemen have the opportunity of coming before it and giving their explanation, or evidence, or whatever it is.

Hon. Mr. COPP: I take the ground that it is not a question of condemnation at the present time, or anything else; it is a question of the evidence given by the senators.

The CHAIRMAN: Referring to what Senator McMeans has just mentioned, when the House of Commons report came down to the senate it was considered by the Senate, and at the last session of the Senate it unanimously passed a resolution, which I have in my hand. I am not giving the Committee all of it, but there was this paragraph in it:—

And whereas this honourable House has been deeply perturbed by the condemnation levelled by the said report against certain senators and is keenly conscious of its duty to act in the matter, fully and without delay:

And whereas imminent prorogation precludes immediate action by the Senate, as it is the constitutional right of a senator to be heard by his colleagues in his own defence before any punitive or other action be taken:

And whereas the constitution does not permit of effective penalties being applied to the senators implicated should they fail to justify themselves, as under the British North America Act a member of the Senate may be disqualified from sitting in Parliament only upon one of the following grounds:—

- (a) lack of property qualification;
- (b) failure to reside in the Province which he represents;
- (c) bankruptcy;
- (d) conviction of treason, felony or any infamous crime.

Therefore be it resolved that in the opinion of this House:—

(1) A special committee of the Senate should be appointed within the first week of the next session of Parliament to deal with the conduct and actions of the senators above referred to, as set out in the said report;

The CHAIRMAN: Now, that is the basis upon which this Committee was appointed—for the purpose of hearing what the senators referred to in that report have to say, if they have anything to say; and that is what we are here for. Now, I was asking Mr. Cannon whether or not he desires any witnesses to be heard; whether or not he proposes to ask Senator McDougald to be sworn and give evidence now or at a later date. If a postponement is desired, I am sure the Committee will consider that.

Hon. Mr. CANNON: Mr. Chairman, I wish to say that my client appreciates everything which has been done by this Committee by way of facilitating, so to speak, his explanation, and so does his counsel. We appreciate that to the fullest extent. Now I am given to understand, by the discussion that took place, that my friends have now put before the Committee what they consider as the evidence that could help the Committee in reaching a conclusion; and my

learned friend, Mr. Smith, says that as far as the senators are concerned—I am speaking for Senator McDougald—that he thought the senators themselves would offer any explanation they had to offer, or lay whatever facts they considered should be laid before the Committee themselves. He says he does that in courtesy. I appreciate that. I am sure, Mr. Chairman, that Senator McDougald will put certain facts before the Committee. How it should be done I am not prepared to state now, or what those facts are. As I said, I did not expect my learned friends to close this morning as they have, so I may state now that we will offer some explanation or put some facts before the Committee, or maybe call some witnesses. Now, Mr. Chairman, if it is agreeable to the Committee I think that counsel for the public and counsel for the senators might arrange between themselves how it could be done in the easiest way possible, so as not to inconvenience the members of the Committee.

The CHAIRMAN: When would you be ready?

Hon. Mr. CANNON: Immediately. I do not know how the proceedings would be if we would deal first with Senator Haydon; I do not know anything about Senator Raymond.

Hon. Mr. CHAPAIS: Have you something to say on behalf of Senator Raymond, Mr. Vien?

Mr. VIEN: Mr. Chairman, I want to make it abundantly clear that the position of Senator Raymond is exactly as it was stated at the opening of the proceedings of this Committee. I would like, first, to dispel the impression which may be derived from remarks of some honourable senators, members of this Committee, that there is against Senator Raymond any charge, censure, reprimand or accusation of any kind. I am unable to find anything of the kind in the report of the Committee of the House of Commons to that effect.

Hon. Mr. McMEANS: Is the honourable gentleman making a speech now?

Mr. VIEN: No, I am simply stating the position of Hon. Senator Raymond, that he does not feel that he is now under a cloud or under an accusation. There has been no charge, no censure or any reprimand against him. There was a mild remark or reflection to the effect that in the minds of some of the honourable gentlemen who composed the Committee of the House of Commons, the report of which is now before you in this bluebook, a lingering impression that he perhaps may not have deserved to the full the commendation which the Committee has offered him for his frankness. Well, I repeat that the position that we take at this present stage is that we believe that Senator Raymond's case is developed to the full.

The CHAIRMAN: I do not want to interrupt you, but I do not think we need to hear a speech like that just now. The question with us is this: Is Senator Raymond going to make any more statements, or not? Are you going to put him in the box?

Mr. VIEN: I was trying to explain the position.

The CHAIRMAN: We understand all that.

Mr. VIEN: I want to tell the Committee that Senator Raymond considers that all that he has to offer to the Committee is contained in his evidence before the Committee—contained in the bluebook and in the statement which he made at the opening of this Committee on his honour as a senator. He is ready, if the Committee so desires, to implement his statement under oath, but he believes that he has given to the Committee everything that he can offer by way of information to help the Committee to discharge its duty.

The CHAIRMAN: You understand, Mr. Vien, that all this Committee can report to the Senate is evidence under oath. That is the order to us. We took Senator Raymond's statement, but it is distinctly marked on the record, you will observe, as not being sworn.

Mr. VIEN: Exactly.

The CHAIRMAN: It is nothing but a statement.

Mr. VIEN: The senator would then like, if that is the expression of the Committee, to state that he is willing to declare under oath, and he desires to declare under oath, all the facts that he has mentioned in his statement which was read to the Committee.

Hon. Mr. McMEANS: He has got to be examined as a witness, not to swear that the statement is true; he has to be subject to examination.

Hon. Senator DONAT RAYMOND was called as a witness, and, having been duly sworn, testified as follows:

Mr. VIEN: I think it would expedite the work of the Committee if the statement which is already on record would be sworn holus-bolus. If not, the senator will now read, under oath, the statement which is now already on record. It would be, to my mind, childish and futile.

Hon. Mr. McMEANS: Mr. Vien, I would like you to be straightened up in this matter. When you ask for that statement to be read, explain to this Committee that it was simply a matter of correcting some inaccuracy, and you thought by putting in the statement that you would save this Committee a great deal of time, and the counsel a great deal of time by doing that.

Mr. VIEN: The position is the same.

By Mr. Vien:

Q. Senator Raymond, at the beginning of this inquiry you read into the record of this Committee a statement correcting certain inaccuracies which you considered to be contained in the report of the Committee of the House of Commons now before the Committee in the form of this bluebook?—A. Yes.

Q. Are the facts and the statements that you have made true?—A. Yes.

Hon. Mr. BÉIQUE: Refer to the statement which was made.

By Mr. Vien:

Q. I find your statement in pamphlet No. 3 of the proceedings of this Committee on the 3rd of March, at pages 33, 34 and 35. I am handing you a copy of the proceedings of this Committee, pages 33, 34 and 35.—A. Is it your wish that I should read the whole thing?

The CHAIRMAN: No.

By Mr. Vien:

Q. Will you please state under oath whether the statement made at that time by you, and reported as I have just indicated, contains the truth?—A. It does.

Q. Have you any further remarks to make to the Committee to explain the position as you see it?—A. None whatever.

Mr. VIEN: That is all I have to ask the senator.

The CHAIRMAN: Do you want to ask the senator any questions, Mr. Mann or Mr. Smith?

Mr. SMITH: I do, sir. As a matter of fact, I have not brought my notes with me with respect to questions that I intend to ask Senator Raymond, but I can get them shortly. I was under the impression that I perhaps would be asking some questions of Hon. Mr. Cannon's client before I would be questioning Senator Raymond.

Mr. VIEN: I can state that Senator Raymond will be available at the convenience of the Committee at any time.

Mr. SMITH: I would be very glad to ask those questions immediately after lunch, Mr. Chairman. And Mr. Cannon wants to see me, so I think it would be an appropriate time to have a discussion with him now. I am sure I could shorten the examination of Senator Raymond if I had my notes.

The Committee adjourned till 3 p.m.

The Committee resumed at three o'clock p.m.

Hon. SENATOR DONAT RAYMOND was recalled as a witness, and testified as follows:—

The CLERK OF THE COMMITTEE: You are still under oath, Senator.

By Mr. Smith:

Q. Senator Raymond, when were you summoned to the Senate?—A. December, 1926.

Q. When were you first interested in what has come to be known as Beauharnois project?—A. On the 1st of April, 1927.

Q. I believe that was on a subscription for 800 part interests?—A. Right.

Q. That subscription was made through whom?—A. Crédit National Canadien.

Q. And I believe you were awarded those 800 part interests in what is known as the first Syndicate?—A. Exactly.

Q. You later converted those 800 part interests for 1,600 part interests in the second Syndicate?—A. Exactly.

Q. And then you subscribed, as you were entitled to, for 1,600 more?—A. Exactly.

Q. What did you pay for the first 800 part interests, that is in the first Syndicate?—A. \$30,000.

Q. And what did you pay for the 1,600 part interests in the second Syndicate?—A. \$160,000.

Q. So that you had a total investment of \$190,000 in the Beauharnois project?—A. Exactly.

Q. About what time did you subscribe for the second 1,600?—A. I cannot recall just now, but at the same time as the others. I had the privilege to subscribe.

Q. It would be early in 1928, in my opinion?—A. Early in 1928.

Q. The 26th of March, I believe—early in 1928?—A. Yes.

Q. You then were in the position of having an investment or a commitment of \$190,000 in this Syndicate?—A. Yes.

Q. What interests did you take in it?—A. In what way?

Q. I mean, were you active in any way?—A. Not at all.

Q. What advice did you have to invest all this very considerable amount of money?—A. I was asked to join at the beginning by Mr. Jones, which I did at that time, and it was only for \$30,000.

Q. Then you increased the \$30,000 by \$160,000?—A. Exactly.

Q. What considerations moved you to do that?—A. That was our privilege, and I had the privilege to subscribe to it, and I took advantage of it.

Q. Why did you? What reason had you to spend that much money?—A. Why did I? Because I had confidence in the project.

Q. Then you did have some considerable knowledge of this project?—A. I had some.

Q. I believe you are native to the section where it was projected?—A. Yes.

Q. I want to know what moved you to spend this comparatively large sum of money?—A. None whatever.

Q. And what enquiries did you make as to the prospect of your money returning you more money—making a profit?—A. What enquiries? I did not make any more enquiries except I accepted Mr. Geoffrion's and sometimes Mr. Jones' reports as to the progress in their domains.

Q. You learned then, of course, that this Syndicate was seeking from the Province of Quebec an amendment to the charter of the Beauharnois Light, Heat and Power Company Limited?—A. I knew something about that.

Q. You also knew when they had reached an arrangement with the Province of Quebec, they obtained a lease; that lease was conditional on getting the approval of the Governor General in Council in Canada within one year under the Navigable Waters Protection Act?—A. Oh, I did not know it had to be made within one year, but I knew it had to be something in Ottawa.

Q. But you knew the grant from Quebec was valueless without the approval of the Dominion Government?—A. Exactly.

Q. And with that knowledge you saw fit to invest \$190,000, or to commit yourself to invest \$190,000 with that knowledge at that time?—A. Exactly.

Q. You also knew the gentlemen who were connected with the project, the individuals who were associated with you in the first Syndicate?—A. I did. I don't know whether I knew them all, but I knew that Mr. Jones and Mr. Sweezey were interested in it.

Q. Did you know at the price you paid for your first 800 part interests works out at \$37.50 per part interest—that you were one of the three persons, and three persons only, who obtained shares at that price?—A. I didn't know anything about it.

Q. You have since learned that to be true?—A. Exactly.

Q. I believe your introduction to the concern came through Mr. Jones?—A. Exactly.

Q. You have since learned that he is one of those persons who bought at that price?—A. Yes.

Q. That the other was a Mr. Moyer, whose shares ultimately turned up in the hands of Senator McDougald?—A. I didn't know anything about it.

Q. You have learned that since?—A. I have learned that since.

Q. Can you give me any reason why you should be permitted to purchase at a lower price than other subscribers?—A. No. They asked me if I would subscribe—Mr. Jones asked me if I would subscribe to it. I agreed, and they made the price; I did not make the price.

Q. Did he mention the number of part interests for which he wished you to subscribe?—A. I want to correct myself. In reading over this afternoon I noticed that I said I did not know what interest Mr. Jones had. Mr. Jones and Mitchell, both of them, I did not know what interest they both had, but I know what interest Mr. Jones had, because he asked me how much I wanted to subscribe. He said, "Will you be interested as much as I am in that Syndicate?" I said, "Very well, and how much will that be?" And he said, "800 units, \$30,000."

Q. No doubt he told you at that time that it was the intention of this Syndicate to develop the whole of the St. Lawrence at that time?—A. I don't know.

Q. Surely you are not putting \$190,000 in a power project unless you gathered some idea of the extent of that project?—A. I never thought for a moment that I was an expert on power, and whatever information I did not know I would ask, except that I knew it was close to Montreal, and he was a man of vision, and he asked me if I would go along with him, and I said yes.

Q. Then am I correct in saying that your present statement is that at the time you put up your \$30,000 or agreed to pay it, that you did not know the extent of the project to which you were subscribing?—A. Yes.

Q. You did not know how much of the river they intended to use?—A. No.

Q. You did not know what power they intended to develop?—A. They expected to develop about 500,000 horsepower.

Q. Who told you that?—A. Jones.

Q. Then he would at least tell you that at the time you made this subscription?—A. I think so.

Q. Now, I want to know if you had any view as to who had the control of this hydraulic power—the province or the Dominion of Canada?—A. I was always under the impression that it was Quebec, and I don't know at what stage, but he told me, "All we need to take from Ottawa is whether it is for navigation or not, and our engineer says no."

Q. And who did you consult to form an opinion that this was the property of the Province of Quebec?—A. Our solicitor.

Q. Who was that?—A. Mr. Geoffrion.

Q. And you know of references made to the Supreme Court of Canada, I suppose, in respect of that?—A. Yes.

Q. I won't ask you what Mr. Geoffrion told you about that—I think you told us that the other day—but you were one of those persons who from the first were under the impression that those rights belonged to the province?—A. Exactly.

Q. You were also aware that navigation belonged exclusively to the Dominion?—A. Yes.

Q. Or did you worry about it? Did you think about it?—A. No.

Q. Then I want to know if at the time you made this subscription, you were concerned about who owned the water rights at that time?—A. I understood that they had bought the Robert rights.

Q. And it was on the Robert rights, then, whatever they were, that moved you to subscribe to this concern?—A. Exactly.

Q. And you have since learned, of course, that the Robert rights were pre-Confederation rights; then were you concerned at the time about the ownership of the rights between the province and the Dominion?—A. I was not.

Q. Now, having made this investment, what inquiries did you make as to the progress of the concern in which you had invested?—A. I don't know that I made any in 1927, because I understood they had to go to the legislature in Quebec early in 1928.

Q. You know that they did apply to the Dominion Government in 1927, in March?—A. I don't know.

Q. Have you learned that since?—A. No.

Q. They applied again in January, 1928?—A. To Ottawa?

Q. Yes?—A. I did not know. I never took any part on deliberation in the Syndicate or the Company. I was never in the Company, and in the Syndicate I never took any part in the deliberation.

Q. Why didn't you?—A. Because my name did not appear first, and I never took any part in the deliberation.

Q. Still, you have an investment of \$190,000?—A. But it was later.

Q. You had a commitment to pay \$190,000 in March, 1928?—A. In 1928, yes.

Q. And from that time on did you make any enquiries as to the progress of this concern?—A. I knew that the thing had gone through in Quebec.

Q. Did you know that they had applied in Ottawa?—A. I knew they had to get some permission in Ottawa, whether it interfered with navigation.

Q. You knew that they had to get an Order in Council, and subsequently one was passed?—A. Well, I was not interested in that.

Q. What were you interested in? You had an interest of \$190,000 in money, and I want to know how that reflected itself in your activities in the concern?—A. None whatever. I may say, to simplify the thing, that in Ottawa, if I remember right, it was not till the fall of 1928 and 1929, that in July, 1928, I had no more money at stake in the Beauharnois Syndicate; and the month after I had no money at stake—I was ten thousand on the good side—100 units so that would be sufficient lest I should worry about the outcome of the Beauharnois results.

Q. You mean after you had sold out?—A. After I had sold out in July, 1928.

Q. After you had sold out you had no great concern in the Beauharnois results?—A. Exactly.

Hon. Mr. CANNON: May I suggest that for greater clarity it might be well to ask the senator what he means when he says he sold out; he did not sell all.

The WITNESS: No, I sold 2,000 shares at \$100 each, that makes \$200,000. Well, my investment was \$190,000, so I was \$10,000 to the good, besides retaining 1,200 shares part interests in the Syndicate.

By Mr. Smith:

Q. In other words you had got your money back and you still had the major portion of your interests?—A. Not the major, but I had a part, I had 1,200 of part interests.

Q. You did not then concern yourself with the progress of the scheme?—A. Not at all.

Q. Mr. Jones has said that he saw you repeatedly in Ottawa in 1928, and asked you—

Mr. VIEN: I think my learned friend will find that Mr. Jones has not stated definitely that he has seen the senator in Ottawa. He stated that he had seen the senator, but I do not believe it was in Ottawa.

The CHAIRMAN: I do not think, Mr. Vien, really, that you need interrupt him. He is treating the witness very fairly.

Mr. VIEN: Mr. Chairman, I am sure that I hope I am not interrupting as meaning that Mr. Smith is not treating the witness very fairly; he is, I am convinced, but I think it is better to correct some inaccuracies of fact which are unintentional than to let those go on record incorrectly, for the greater comprehension of the record. I do not want to interfere unduly.

Mr. SMITH: I will leave out the word Ottawa; it is immaterial to me; Mr. Jones said this, on page 391—he had been asked as to what he was doing to further his project, then the word “assisted” was used, and counsel for the Committee said this, “It is a common English word,” and Jones replied, “Well, my answer is that anybody who took an interest in it and who listened and got his view as to who owned the water, gave us their opinions by way of assistance, otherwise direct assistance, nobody that I know of.” Then he says, “I certainly asked Senator Raymond over and over again if he could not do something to get some action.”

By Mr. Smith:

Q. Now, did he do that?

Mr. VIEN: Will you finish the thing?

Mr. SMITH (reading): “—Now, I think I should perhaps mention I thought that perhaps the Premier was waiting for this assistance of the reference case to the Supreme Court.”

The WITNESS: Jones asked me, but the fact that he said over and over again means that I had not done very much in the matter of helping him.

By Mr. Smith:

Q. But did Mr. Jones over and over again ask you if you could not get some action—and of course that action was at Ottawa at that time, wasn't it?—A. I couldn't say.

Q. But you are sure of that—Jones was here in 1928 very often?—A. No doubt he did ask me, but I have not done anything.

Q. You were in the Syndicate?—A. I could not do anything. I am not an engineer, and if it is a matter of engineering concern, whether it will interfere with navigation or not—

Q. Senator Raymond, you are not suggesting for a moment that Mr. Jones would be asking a request of you as an engineer to be doing something, because you are not an engineer, and he knew that; no doubt about that?—A. No doubt about that.

Q. So I think we can eliminate any other such request of Jones to you; then what assistance was he asking you for?—A. I don't know that he mentioned anything emphatically.

Q. He says he saw you over and over again—"I certainly asked Senator Raymond over and over again if he could not do something to get some action." Now, what were those conversations?—A. He asked me if I could do something, and I told him no—I presume so.

Q. Then he asked you again if you could do something, and you told him no?—A. I again told him no.

Q. He was very persistent, apparently?—A. Yes, and I was the same, persistent in saying I could not do anything.

Q. You constantly, through your associate, Mr. Jones, said no; did you give him any reason?—A. No.

Q. He is an able business man, is he not, Mr. Raymond?—A. Yes.

Hon. Mr. CANNON: Do you know him personally?

Mr. SMITH: No, I do not know him, but I understand he is able and persistent.

Mr. MANN: And Scotch.

By Mr. Smith:

Q. Perhaps the measure of his persistence and intelligence is that he continued to ask you to do something, and you merely said no?—A. I could not do anything.

Q. Cannot you remember any more of his conversations?—A. No.

Q. You remember nothing more than that; if you could not assist on the engineering side, on what side might you have been of assistance?—A. I don't know of any.

Q. What Government was in power at that time?—A. Liberal.

Q. That would be the late Government of Right Hon. Mackenzie King; that was the Government that was in power at that time?—A. Yes.

Q. And I suppose with some pride you can say you belong to the same political persuasion?—A. I do.

Q. And, being of that persuasion, can you suggest to me that you would have no influence here in the Government?—A. I don't think I had, I am sure I had none.

Q. You must have had some before you were summoned, but we will not go into that; but surely you would have some influence in Ottawa, wouldn't you?—A. None whatever. If I did I never tried to use it.

Q. That may be better, but surely you had some?—A. I don't know that I had. I never tried it.

Q. Jones thought you had some?—A. He might.

Q. He did, didn't he? Otherwise why would he be asking you those foolish questions?—A. He might.

Q. You made a good deal of money from this investment? \$400,000 and odd, and 351 part interests subsequently became, I think, 14,000 odd shares?—A. 14,000 common shares.

Q. And that is your net profit?—A. Yes.

Q. And the success of this project, as you have told me, among other things, perhaps, was dependent on the consent to be gained from the Governor in Council of the Dominion of Canada; that is true?—A. Yes.

Q. Now I want to put this to you; remember, I am not sitting in judgment for a moment, because I find the longer I stay in Ottawa the less I know about the things I did think I knew; but there was a syndicate here whose object was to make some money by diversion of water into St. Lawrence; you went in to make money?—A. Naturally.

Q. So did Jones, and I gather everybody else did the same; now, I want you to assume for the moment that that syndicate, instead of being composed of Mr. Swezey and his associates, was composed exclusively of the 96 senators of the Dominion of Canada; do you follow me?—A. Yes.

Q. And that syndicate, then composed of those 96 senators, obtained this consent from the Dominion Government, and subsequently financed their project to the Canadian public, as the Beauharnois—you follow me?—A. Yes.

Q. 27,000,000 bonds went to the public; would you think that you, as a senator, and under those circumstances, would be justified in making a profit—or the profits that you did?—A. Certainly, I never thought—

Mr. VIEN: I am asking the Committee if this is a fair question. I do not think it is, and I respectfully submit that it is not.

The CHAIRMAN: I do not see anything unfair about it.

Mr. SMITH: Why not?

Mr. VIEN: That is an assumption of three facts.

The CHAIRMAN: He is only asking his opinion.

Mr. VIEN: It is a highly hypothetical question which, I respectfully submit to the Committee, has no bearing on the matters which the Committee is investigating.

The CHAIRMAN: That remains to be seen, Mr. Vien. We are not settling that here.

Mr. SMITH: I might explain myself the reason I have for asking the question. It seems to me, Mr. Chairman, that your Committee is here to consider matters affecting the honour and dignity of the Senate; and it does seem to me that if I advance an illustration, as I have, taking all the senators and substituting them for the syndicate or all those other people, whoever they were, that the view on that of one of the honourable gentlemen whose name has been called in question, is exceedingly pertinent, in my judgment. However, I await your ruling.

Right Hon. Mr. GRAHAM: Do you not think, Mr. Smith, that you are predicating your question on an impossible situation, an unthinkable situation?

Mr. SMITH: My view would be that it would be unthinkable, I quite agree.

The CHAIRMAN: Go on.

By Mr. Smith:

Q. I gather that you are to answer me, if you will, Senator.—A. If I understand your question, you want to see whether if as a senator I interested myself in the question of whether it depended altogether upon Ottawa for the success of the enterprise. Is that what you asked me? I want to say that as far as the

Beauharnois is concerned, right from the beginning I did not think that Ottawa had anything to do with it, and I was led to believe that by our counsel, Mr. Geoffrion, that as far as Ottawa was concerned they had to say yes, to grant it, if it did not interfere with navigation; and if it did interfere with navigation they had no alternative, they had to say no. So I never thought that Ottawa had anything to do with the development of any power in the province of Quebec.

Q. If it develops that in fact Ottawa does own hydraulic power—because in my judgment the thing is very far from being settled yet—

Hon. Mr. CANNON: Luckily for the lawyers.

Mr. SMITH: What the Supreme Court did was just hand it back again.

The WITNESS: I cannot say I have been wrong until they have decided. But my opinion was that they had nothing to do with it.

By Mr. Smith:

Q. I have a great regard for Mr. Geoffrion's viewpoint, but I think the matter is not settled.—A. I would be at a loss to know why we could not take our counsel's advice.

Q. Are you just putting yourself in this position, that relying solely on the advice of Mr. Geoffrion you felt yourself justified in going in?—A. Exactly.

Q. You told me that when you made your first investment the question of ownership in the province of the Dominion was not a matter of concern?—A. I was interested in that same project almost twenty years before.

Q. But you did say to me a moment ago—I am very anxious not to misquote you—I understood you to say a few moments ago quite clearly, when I was examining you with respect to your views as to whether it was a Dominion or provincial ownership of this hydraulic power, I understood you to say that when you made your investment you were not concerned as to who owned. I think you said that to me?—A. If I did—I was concerned, I always felt it belonged to the province of Quebec.

Q. And I think you did not make any inquiry, at the time you made your first investment, of Mr. Geoffrion? That was later, was it not?—A. No, I think we had then the opinion of Mr. Geoffrion that it was only a matter of Quebec.

Q. Did you? I am speaking of the time that Mr. Jones induced you to put up your money.—A. I think I did.

Q. I beg your pardon.—A. Mr. Jones mentioned to me.

Q. Mr. Jones mentioned to you that Mr. Geoffrion was of the opinion that it was a matter of the province of Quebec?—A. Yes.

Q. Now, you had many communications and interviews with Mr. Geoffrion. I have Exhibit 114 here and I have counted up and find you had, I think, twenty telephones and communications with him—I mean by telephone or in person, you understand, in connection with Beauharnois, because it is his bill with respect to Beauharnois. I have no intention of going into this in any detail at all. Probably you cannot remember them; one's memory, perhaps, cannot do that. But I suggest them to you to show that you were taking a very active interest in the progress of Beauharnois.—A. I think I have already declared that in the spring of 1928 I was not in Canada, but I passed through and naturally I would call up Mr. Geoffrion to find out as to progress.

Q. Is that all?—A. You see, these are again in September, 1927.—A. I was in Montreal then.

Q. And they carry on through December, three occasions; January, 1928, three occasions; January again, five occasions; February, two occasions; April, three occasions; and May, two occasions. Just a minute; I want to see whether

those interviews were prior to or after the emphyteutic lease. I understood Mr. Geoffrion to say that after that he had a bill which indicated to him that he had been in communication with you. Would that be correct?—A. Yes.

Q. With respect to what?—A. With respect to the financing of the project.

Q. Did it have anything to do with the passage of the Order in Council?—A. Not at all.

Q. Nothing at all?—A. No, sir.

Q. Your position then, sir, to make it plain, is that you were simply taking no interest in that matter at all?—A. None at all.

Q. Although it was something in which you had a very, very substantial financial interest?—A. I would not call it very substantial.

Q. You mean comparatively?—A. First \$30,000, and then finally I was \$10,000 to the good. I do not call that very substantial.

Q. At one time you were committed for \$190,000, which I—forgive me—thought was rather substantial. You did have those many dollars committed to this enterprise?—A. I was responsible.

Q. And your position is that even though that was so, you were not interesting yourself to have that step taken without which there could be no success?—A. I do not see what I could do in the matter. And I was never part of the Syndicate.

Q. It never appeared in your name, you mean?—A. No, I mean I was never a director, and I was never in the company.

Hon. Mr. CANNON: Never a manager.

By Mr. Smith:

Q. You were never a manager of the Syndicate? That is what you mean?—A. Yes.

Q. You mean you would not know what to do in order to advance an Order in Council?—A. Exactly.

Q. You would probably hire Col. Thompson, Mr. Pugsley and Mr. Greene?—A. I did not know any of those gentlemen either.

Q. Before you had subscribed for anything, I observe by Mr. Geoffrion's bill he had a number of interviews with you. Your subscription was about the 1st of April, 1928, your first \$30,000?—A. 1st of April, 1927.

Q. I think you mean the 27th of March, do you not? The first Syndicate dissolved on the 4th of April.—A. 1928. My first subscription was on the 1st of April, 1927.

Q. So that you had subscribed in April, 1927?—A. Yes.

Q. I want to read you one or two items from Exhibit 114, page 5. There is an item of the 23rd January, "telephone to Mr. Sweezey, interview with Senator Raymond"—A. What year was that?

Q. January, 1928. (Continues reading) "Interview with Senator Raymond; further telephone to Mr. Sweezey; a letter received from Mr. Cannon of the 23rd inst.; telephone from Senator Raymond; interview with Mr. Sweezey; telephone from Hon. Mr. Mitchell; interview with him; interview with Senator Raymond; letter received from you enclosing copy of pleadings in Montreal Trust v. Sweezey." And on the 25th of January: "Telephone to and from the Hon. Mr. Mitchell; telephone to Senator Raymond, telephone to Mr. Heward." And on the 26th: "Telephone to Mr. Mitchell; telephone to Senator Raymond; telephone to Mr. Heward." I have referred to four days in which you were in constant communication, and I was just wondering if from the readings of those to you, you could recall the substances of those conversation?—A. I think I mentioned before in my evidence that I left Montreal on the 17th of December, 1927. I do not know exactly what date of the month I came back to attend to my duties in Ottawa, in January I presume. I might have been in Montreal

for a couple of days, two or three days—I doubt that I was in Montreal more than that time. I came at the opening of the Session and I went back to Florida to attend my family, and I did not return until some time in April. So it was natural for me to call up those gentlemen and find out what progress had been made as far as our application was concerned.

Q. Then you were taking an interest in the passage of this application?—

A. Certainly.

Q. And it is only fair to say that you were probably taking a similar interest in the passage of the application with the Dominion Government?—

A. With my associates and no more, the same in Quebec as in Ottawa.

Q. That is your position, that you were active, but with your associates, and that you did not influence any Cabinet minister?—A. Exactly, to find out as to progress.

Q. But what I have in my mind and what I understood you to frankly admit is this, that you were very much interested in the passage of that Order in Council, although anything you did was a quite proper thing to do. That is a summary of your proposition, isn't it?—A. I was interested in it but I never made a move towards it.

Mr. SMITH: I think that is all.

By the Chairman:

Q. I just want to be clear about a point or two, with regard to your evidence at page 793 of the proceedings of the House of Commons Committee. If I understand you, Senator Raymond, you said that your total profit out of the transaction was \$529,600?—A. I did not check it over.

Q. That is \$476,950 plus the 350 units?—A. Plus 351 units, for which I received \$150 per unit.

Q. That is totalled into \$529,600?—A. Exactly.

Q. That is all profit?—A. All profit, plus 14,040 shares of common stock.

Q. Was that all profit in cash?—A. All profit in cash.

Q. Between what dates did that profit come to you? I mean, can you give us the date when you became a shareholder and the date when you got the money? Over what period was that?—A. I subscribed in 1927, the 1st of April. In 1928, in July, I sold 2,000 part interests. I did not come into all the money then, because I was taking my responsibility of paying, which I think was \$16,000 per month, or every two months, I do not recall.

Q. When was the whole profit earned by you?—A. The ten thousand was to the good, because the 6,000 part interests, for which I subscribed, were sold—

Q. What I just want to get, succinctly, is this: There was one date when you went in and there was another date when you got out. Between those two dates you got \$529,600 profit?—A. That was when Mr. Jones and I sold to Mr. Swezey.

Q. When was that?—A. I do not recall. That was some time in September or October, 1929.

Q. That is near enough. Now, where did that money come from, that profit?—A. Mr. Swezey bought those interests.

Q. Did it come out of the public?—A. Not at all. There was no company then.

Q. Was it dug out of the ground?—A. I have never asked him where he got his money.

Q. Was it the proceeds of bonds sold to the public?—A. There were no bonds sold then.

Q. Or securities sold?—A. There was no securities sold then; there was no company, even.

Q. Was the company making money, manufacturing it?—A. Well, all I know is we gave the option to Mr. Sweezey for 6,900 shares at \$550.

Q. If you got \$529,600 it came from some source. Can you tell me where it came from, how the Syndicate came to get it?—A. We may ask Mr. Sweezey; he may be able to tell us.

Q. You do not know?—A. I do not know.

Mr. SMITH: You see, sir, the company was not organized until December, 1929.

The CHAIRMAN: I know, but was there somebody delivering cartloads of money to the Syndicate to be divided?

The WITNESS: Sweezey was the man.

Right Hon. Mr. GRAHAM: They were not particular where Mr. Sweezey got it, so long as he gave it to them.

By the Chairman:

Q. All you know is that you put in \$190,000 and you took out a profit in cash of \$529,600?—A. Yes.

Q. And you do not know where it came from?—A. Yes. I sold out to Mr. Sweezey.

Mr. VIEN: So far as we are concerned, Mr. Chairman, we have no other witness.

Hon. Mr. CANNON: Has the Committee decided whether it will take up Senator Haydon's side of the case or Senator McDougald's at this time? We are at the disposal of the Committee.

The CHAIRMAN: We can decide about taking Senator's Haydon's evidence in a way that will be satisfactory. We shall have to go away from here to take his evidence. Are you ready, Mr. Cannon?

Hon. Mr. CANNON: Would it be more convenient if Senator McDougald offered his evidence now?

The CHAIRMAN: Yes.

Hon. Senator WILFRID L. McDOUGALD: Mr. Chairman, honourable gentlemen,—

The CHAIRMAN: Are you going to be sworn?

Hon. Mr. CANNON: I think that the senator will explain in a minute what he intends to do. I may summarize it by saying that first the senator wishes to use his constitutional privilege as a senator to make a statement. Secondly, after that statement has been made for the convenience of the Committee, he will offer himself as a witness under oath.

The CHAIRMAN: What we would like to know is whether we are going to get a statement under oath or not.

Hon. Mr. CANNON: He will be under oath afterwards.

Hon. Senator McDOUGALD: Honourable gentlemen, following the suggestion made this morning by the Honourable the Chairman of this Committee, in order to assist this Committee in so far as I can in the investigation which it is now making into the matters connected with the Beauharnois project, I wish, as was done by the Honourable Mr. Raymond, to avail myself as a member of the Senate of my right to make a statement in more concise form than appears in my evidence before the Special Committee of the House of Commons covering the matters personal to me in connection with the matter. Following this statement I will be glad to make same under oath and be examined in connection therewith in so far as any member of the Committee or its Counsel may consider proper.

(1) In the year 1923, or prior to my appointment to the National Advisory Board or to the Senate, I had been connected with Mr. R. A. C. Henry and had agreed to finance that gentleman to the extent of \$10,000 in regard to possible power developments. The Sterling Industrial Company Limited was incorporated on the 5th of July, 1924, certain applications being filed with the Department of Railways and Canals by that Company on the 5th of July, 1924, and with the Department of Public Works on the 7th of July, 1924. These applications and the plans filed with them were for the diversion of water from Lake St. Francis, on the south shore of the St. Lawrence River, and lay dormant until the year 1928.

(2) I here desire to point out that the report of the Joint Board of Engineers, which was adopted by the National Advisory Committee, favoured a development on the north shore of the St. Lawrence. On the 11th January, 1928, this report was concurred in by a majority of the National Advisory Committee, of whom I was one, having been appointed to this Committee on the 7th May, 1924. I had been sworn as a member of the Senate in January, 1927. In concurring, I gave no consideration whatever to any possible rights that might have belonged to the Sterling Corporation by reason of its applications. These rights were limited to the south shore, and it may here be remarked that they were adversely affected by the report in question, as a development of power on the north shore would necessarily have precluded any similar development on the south shore.

(3) The first Beauharnois Syndicate had been dissolved on the 4th April, 1928, and on the 18th May, 1928, I agreed to purchase the holdings of the late Mr. Winfield Sifton in the second Syndicate, which then stood in the name of Mr. Clare Moyer.

(4) The sale of the Sterling Company, which was effected on the 18th of December, 1928, was concluded when I was in England, though it had previously been considered. It was an entirely fair and open transaction, agreed to after full discussion, in which I took part. The evidence of Mr. Swezey, Mr. Griffith and Mr. White will corroborate this statement. At the time of the transfer of the Sterling Company to the second Beauharnois Syndicate, on the 18th of December, 1928, I was very largely interested in this Syndicate, being the owner of 3,200 units. It is absurd to suggest that holding such an interest I would be a party to anything detrimental to the success of the enterprise. The sale of the Sterling assets was made in good faith, and in the event of the project not being a success, those who had put in their money were given a preferential ranking over those who held the Sterling units. Examination of the Deed of Transfer of the 18th December, 1928, and of the evidence given before this Committee by Mr. Griffith will make this fact abundantly clear. The Transfer was submitted to the Syndicate Managers and approved by them.

(5) I will now briefly refer to the statement made by me to the Senate on the 19th April, 1928. As above explained, I had no interest whatever in the Beauharnois Power Company or Syndicate until the 18th May, 1928, when I acquired the rights of the late Mr. Winfield Sifton. The charges of the *Globe* in this respect were false. The charges of the *Mail and Empire* with regard to my motives as a member of the Advisory Committee were also unfounded as I have already explained. My statement to the Senate on the 19th April, 1928, was literally true and correct.

(6) Dealing with the statement made by me to the Senate on the 20th of May, 1931, my purpose in making this statement was to re-affirm the correctness of the one previously made by me on the 19th April, 1928, to the effect that at that time I had no interest in the Beauharnois Power Company or Syndicate.

As regards that portion of the second statement in which I declared that "it was not until six months later in October, 1928, I took an interest in the Beauharnois Syndicate," while it is true that the initial transaction was on the 18th of May, 1928, it was only on the 2nd of October, 1928, that I appointed my own personal nominee, Mr. John Ebbs, to represent me in the matter. Further it should be remembered that I was speaking in 1931 of events which had taken place over three years before, and that there was no possible reason for me to deceive the Senate as regards these dates. Nothing occurred between the 18th May, 1928, and the 2nd October, 1928, to affect the matter in any way.

(7) I would here refer the Committee to Section 12 of the report which is in the following terms:—

(12) That Senator McDougald was a factor in the success of this venture is apparent from the Proceedings of the Special Committee of the Senate above referred to, of which he was a member. It appears that on the 31st of May, 1928, he was instrumental in having Mr. Henry, then his partner in the Sterling Company, come before that Committee and answer certain questions. These questions had (see page 215 of the Proceedings) been prepared before hand by Senator McDougald and submitted to Mr. Henry.

In the report of the Proceedings of the Special Committee appointed to enquire into the development and improvement of the St. Lawrence River, Messrs. Harvie, Ferguson and Henry were examined and at page 141 of the proceedings I stated:—

In all the deliberations of the National Board, of which I was a member, I think you will agree that it was natural and fitting that I should confer with the technical staff of the harbour on all questions affecting the Harbour of Montreal; and in order to facilitate matters, I have prepared a series of questions to be asked Mr. Harvie and Mr. Ferguson. I submitted the questions to them and asked them to prepare replies so that there would be no question about what they would have in their minds. Then, of course, any member of the Committee may ask any questions he sees fit.

Hon. Mr. MURPHY: Are they technical men?

Hon. Mr. McDUGALD: Mr. Harvie is General Manager of the Port of Montreal, and Mr. Ferguson is the Assistant-Manager.

The CHAIRMAN: I think that is very satisfactory.

and later, in regard to the examination of Mr. Henry, the following appears. (Report of Senate Committee, page 215):—

The CHAIRMAN: We have Mr. Henry here. He is the Director of the Bureau of Economics of the Canadian National Railways.

Hon. Mr. McDUGALD: Before we start Mr. Henry's evidence I would just like to say a word. During the investigations made by the National Advisory Board I was able, by the courtesy of Sir Henry Thornton, to go to Mr. Henry at all times, and he was in a position to give some very valuable information and supply very valuable data in regard to transportation, not only in connection with Railways but in connection with the waterways; and I can say here that the information I obtained from him was of great assistance to myself and other members of the National Committee in arriving at some of the conclusions which we reached. Having that in mind, I think that perhaps you might allow me, as on the occasion when we had the men from the Harbour of Montreal here, to prepare some questions. Yesterday I prepared some questions, and submitted them to Mr. Henry last night, having in mind what you said yourself, Mr. Chairman, so that he might be familiar with them, and so that we might cover the ground quickly.

and later, the Right Honourable Mr. Graham remarks, at page 232 of the Report, relating to Mr. Henry's evidence:—

You and Colonel Dubuc and these other gentlemen have been giving us just the information that we have been after about these things.

(8) In view of the foregoing, I submit that the inferences and suggestions made in paragraph 12 and following of the report are entirely unwarranted, especially bearing in mind the fact that the evidence of these gentlemen was given, not in connection with any power project, but almost entirely in connection with navigation.

I was only one of the twenty-five members of that Committee, which, at the conclusion of its efforts, merely recommended "that the Senate, at the beginning of the next Session of Parliament, should consider the possibility of again appointing the Special Committee to continue this enquiry"—a recommendation which was never acted upon.

(9) I would also refer to paragraphs 19 and 20 of the report of the Commons Committee. These are as follows:—

(19) Further in his speech on the 20th May, 1931, Senator McDougald said: "I might add that I paid into the Syndicate dollar for dollar with every other member of it.

(20) As previously pointed out in this Report, Senator McDougald, Senator Raymond, and Mr. Frank Jones, bought their units in the first Syndicate for many fewer dollars per share than any other of the members, except possibly Mr. Sweezey who got some of his for a consideration other than cash.

The suggestions of these paragraphs are untrue. I was never a member of the original Beauharnois Syndicate, this having been dissolved on the 4th of April, 1928, and my original investment having been made on the 18th of May, 1928, when I purchased Mr. Sifton's interests. This the Committee of the Commons well understood, as will appear by paragraphs 3, 3A and 4 under the heading of "corporate organization," which are as follows:—

(3) The units subscribed for in the name of the Crédit Général du Canada were subscribed and held for Senator Donat Raymond.

(3A) 1,000 of the units in the name of Newman, Sweezey & Company Limited, were held for Frank P. Jones and 50 for Fred M. Connell. The Honourable Walter G. Mitchell had a half interest in Mr. Jones' holdings.

(4) The units in the name of L. Clare Moyer are said to have been subscribed on behalf of the late Winfield Sifton. Senator Wilfrid McDougald states that on the 18th May, 1928, he agreed to acquire them, the transaction being completed about the end of that month.

As originally I was not connected with the first Syndicate and had paid into the second Syndicate dollar for dollar with every other member in it, the suggestion to the contrary is unfair and improper.

(10) In like manner, I resent the statements of paragraph 9, in regard to the transfer of these units, this paragraph reading as follows:—

(9) In the meantime, however, namely on the 2nd October, 1928, these had been transferred from Mr. Moyer to Mr. John P. Ebbs, a member of the Haydon firm, by reason of some instructions from Senator McDougald, about which there seems to be some insolvable mystery, and about which there need not have been any mystery at all if the transactions were an ordinary business one.

This statement is peculiarly malicious in view of the evidence of Mr. Ebbs, a member of the Ottawa Bar, who testified to the effect that the shares in the new Syndicate had been purchased with my money and who later said at page 723, in answer to a question by Colonel Lennox:—

Q. There seems to be an awful lot of mystery about McDougald?
—A. There is no mystery as far as I can see. These shares of Senator McDougald were placed in my name. I gave Senator McDougald Declarations of Trust immediately.

The explanation as to why these shares were allowed to remain in Ebbs' name is simple. Until certain as to the soundness of the enterprise, I did not wish my name connected with it, as thereby others might possibly be induced to invest. These, I may add, were also the reasons of others, members of the Syndicate who did likewise and whose names I need not mention.

(11) Paragraph 23 of the report which concludes "that my actions in respect to the Beauharnois project cannot be too strongly condemned" is altogether unfair and is unsupported by the evidence or documents of record, and I am prepared to so testify under oath if required. I deny most emphatically the suggestions of this paragraph. At no time directly or indirectly, as Chairman of the Montreal Harbour Board, as a member of the National Advisory Committee on St. Lawrence Waterways, as a Senator of Canada, or as a member of the Special Committee of the Senate, have I allowed my private interests to interfere with my public duties, nor have I ever, speaking from my place in the Senate, or elsewhere, knowingly made incorrect, or untruthful statements and I respectfully request this Committee to so declare.

The whole respectfully submitted.

Hon. Senator WILFRID LAURIER McDOUGALD appeared as a witness, and, having been duly sworn, testified as follows:—

By Hon. Mr. Cannon:

Q. You have just been sworn, Senator McDougald.—A. Yes, sir.

Q. Will you produce before this Committee, as Exhibit 136, the statement which you have just read as a senator to the Committee?—A. Yes.

(Statement read to the Committee by Senator McDougald filed, marked Exhibit No. 136.)

Q. Now, Senator, under oath will you state to the Committee if the statement which you have read is true?—A. I do.

Q. Have you anything further to add to that statement and to say to the Committee at the present time?—A. I do not think so.

Q. Now, Senator, before I turn you over to my learned friend, Mr. Smith, will you produce, as Exhibit 137, the proceedings of the special Senate Committee? I do not think they have been produced.—A. Yes.

Q. These are the proceedings of the special Senate Committee to which you have referred in your statement?—A. Yes.

(Proceedings of the special Senate Committee appointed to inquire into the development and improvement of the St. Lawrence river, filed, marked Exhibit No. 137.)

Hon. Mr. BÉRIQUE: What is the date?

Hon. Mr. CANNON: Report of the special Committee of the Senate, 1928.

By Mr. Cannon:

Q. Will you produce as Exhibit 138, the report of the Joint Board of Engineers on the St. Lawrence Waterway project?—A. Yes.

(Report of the Joint Board of Engineers on the St. Lawrence Waterway project filed, marked Exhibit No. 138.)

Hon. Mr. COPP: What is this exhibit?

Hon. Mr. CANNON: That is the report of the Joint Board of Engineers on the St. Lawrence Waterway project.

Hon. Mr. COPP: The Board of which he was a member?

Hon. Mr. CANNON: No.

Mr. MANN: The National Advisory Committee was the Government committee, under P.C. 779.

Hon. Mr. CANNON: As I understand it, the Joint Board of Engineers examined into the project and made a report, and that report was submitted to the National Advisory Committee, of which Senator McDougald was a member. What I have produced now is the report of the Joint Board of Engineers. I think the report of the National Advisory Committee has already been filed, but in case it has not, I will ask the Senator to produce it now as Exhibit 139.

(Correspondence between the Governments of Canada and the United States, 1927 and 1928. Report of the Canadian National Advisory Committee, January, 1928, and observations thereupon by certain of its members. Orders in Council, etc., filed, marked Exhibit No. 139.)

Hon. Mr. CANNON: That is all.

Mr. SMITH: I find myself in some difficulty, Mr. Chairman. A statement has been read and marked as an exhibit, and I am supposed to examine on it, but I have never seen it or read it.

The CHAIRMAN: We can give you time to go into it.

Mr. SMITH: Even at the expense of time, I think I should have an opportunity of reading it.

Hon. Mr. McMEANS: You are not confined to that alone in your examination.

Mr. SMITH: I do not intend to confine myself to it, sir, but there is no use in my going over the same ground twice. If I can follow the matters in the order in which they are referred to in the statement, it might be a good idea. I am content to go on now, but I think I could save time if I had an opportunity to read the statement first.

Hon. Mr. COPP: That is fair enough.

Hon. Mr. McMEANS: Yes.

The CHAIRMAN: We will give you time.

Mr. SMITH: I think perhaps you should, sir, I will take the statement and study it in the interval. I may not need to use it at all, of course.

The CHAIRMAN: I should think if you studied it you could shorten your examination.

Mr. SMITH: I am sure I can, sir.

Hon. Mr. COPP: Unless you have prepared your examination along other lines.

Mr. SMITH: I have questions along other lines, but they are bound to be interwoven. I would rather let the whole thing stand in the meantime.

The CHAIRMAN: I explained to Mr. Robertson that we were talking about two physicians, with regard to Senator Haydon. It seems there would be a

little time lost arranging that, and as far as I am concerned, after thinking it over, I am satisfied to have Dr. Argue come and lay the ground for the examination. I have asked Mr. Robertson if he thought he could have him here.

Mr. ROBERTSON: Someone is telephoning for him now. I will know in a moment or two whether he is available.

The CHAIRMAN: If he can come now we might take his evidence.

The Committee adjourned until 4.30 p.m.

The Committee resumed at 4.30 p.m.

The CHAIRMAN: The Doctor is not available and it is a little indefinite whether he will be able to get here. He will be the first witness in the morning. We will adjourn now until 11 o'clock to-morrow morning.

The Committee adjourned until to-morrow morning, Thursday, March 10, at 11 o'clock.

MINUTES OF EVIDENCE

OTTAWA, Thursday, March 10, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at eleven o'clock in the forenoon.

Present: The Honourable Senators Tanner, Chairman; Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, for the Committee.

The Hon. Lucien Cannon, P.C., K.C., Quebec City, Quebec, Mr. John W. Cook, K.C., Montreal, Quebec, and Mr. Hugh E. O'Donnell, Montreal, Quebec, for the Hon. Senator W. L. McDougald.

Mr. R. S. Robertson, K.C., Toronto, Ontario, for the Hon. Senator Andrew Haydon.

Mr. Thomas Vien, K.C., Montreal, Quebec, for the Hon. Senator Donat Raymond.

The CHAIRMAN: Is the doctor here, Mr. Robertson?

Mr. ROBERTSON: He is here now.

Dr. JOHN FENTON ARGUE, Ottawa, appeared as a witness, and, having been duly sworn, testified as follows:

Mr. ROBERTSON: Shall I examine the doctor, or would you prefer to, Mr. Chairman?

The CHAIRMAN: Oh, yes, you examine him.

By Mr. Robertson:

Q. Dr. Argue, you are the physician in attendance upon Senator Haydon?
—A. I am, sir.

Q. And you have been in attendance upon him as his physician in his present illness since when?—A. Since he broke down a year ago February.

Q. And you, for the purpose of shortening matters and putting your evidence in concrete shape, gave me a certificate at the beginning of the taking of evidence in this inquiry?—A. Yes.

Q. Probably you will read that?—A.—

116 Nepean Street, Ottawa,
1st March, 1932,

To the Select Committee of the Senate:

Gentlemen: The Hon. Andrew Haydon has been continuously under my professional care since January, 1931. He is suffering from arterio-sclerosis—

that is an enlargement of the arteries.

—with coronary thrombosis,—

that is the arteries affecting the heart, mostly.

—and for the past number of months he has spent the greater part of his time confined to bed.

Since the first meeting of your Committee he has been confined to his bed, except for an hour sitting out each evening.

His physical condition is such that he should have no mental or physical strain, but should it be necessary to question him it might be done at his own home, care being taken to avoid any excitement or undue strain.

Q. Is that still the condition to-day?—A. Yes, sir.

By Mr. Mann:

Q. Is the honourable gentleman confined to his bed at the moment?—A. He is in bed at the moment.

Q. I do not mean he has not got up yet to-day. Is he confined to his bed?—A. He was up here, I think, at the opening meeting of this Committee, and went home and went to bed, and has been continuously in bed, except for sitting out an hour each evening.

Q. But you feel that if he were examined at his home in the ordinary way there would be no undue danger?—A. The senator's condition is such that it is often associated with sudden death due to any undue strain or excitement. I told him that if he were bound to give evidence to do so at his own home, but it would be on his own—

The CHAIRMAN: —responsibility.

By the Chairman:

Q. Of course, you would be present?—A. I told him I would be there. I do not expect any such thing, but such things have happened.

By Mr. Mann:

Q. Undue strain would comprise his own mental attitude?—A. Mental or physical strain.

Q. But you feel that he could be examined if it is done— A. I think in the ordinary—

Q. In the ordinary course, and without any excitement?—A. Yes.

By the Chairman:

Q. The chief difficulty would be bringing him up when he suffers like this?—A. He suffers from attacks of shortness of breath, even in bed.

The CHAIRMAN: I was going to suggest, Mr. Robertson, that probably you have it in mind to have him read a statement. Were you thinking of that.

Mr. ROBERTSON: Probably not exactly that, but a very few questions to which he would have the prepared answer which he could read, and take it quietly.

The CHAIRMAN: I was going to suggest, in order to facilitate matters, that if you have such a document you should give counsel a copy of it.

Mr. ROBERTSON: I haven't at the moment, but I will have, and I will do that.

Mr. MANN: Does Mr. Robertson refer to prepared questions that he will have for the purpose of examination when I have completed my examination?

Mr. ROBERTSON: No, I thought I was calling him. What I propose to do is this: I propose to have about three questions which will call for somewhat extended answers, perhaps. I will give you both the questions and what he will have prepared.

Mr. MANN: And the answer?

Mr. ROBERTSON: The answer will be his, not mine. To be perfectly frank, I have already told him what the questions will be. I do not know just what the answers are to be. I understand his secretary is seeing him this morning and later to-day will have the answers that he proposes to make, and I will give them to you.

The CHAIRMAN: And we will make arrangements about the time of the examination later.

Mr. ROBERTSON: Yes.

Hon. Mr. COPP: It might be of advantage to know what time of the day the doctor thought most satisfactory.

Mr. ROBERTSON: I understand the afternoon is better than the morning.

The CHAIRMAN: We will ascertain that. I will consult with Mr. Robertson about it.

Mr. SMITH: There is a short matter that I overlooked in connection with the examination of Senator Raymond. I have communicated with his counsel and told him the questions I was going to ask, and he has no objection to Senator Raymond returning.

Hon. DONAT RAYMOND was recalled.

By Mr. Smith:

Q. Senator Raymond, when you gave evidence before, you said you did receive from Mr. Sweezey a sum—you did not mention the amount—which he said was about \$200,000, as campaign contributions. Is that correct?—A. Yes.

Q. In what form and in what amounts was that received?—A. I do not remember in what amounts, but it was received in the form of Government Bonds, payable to bearer.

Q. Was it received at various times?—A. I do not recall whether it was two or three times.

Q. And I believe you said you had some position; I think you said you were a trustee?—A. A trustee for the party funds.

Q. For what?—A. For 1930.

Q. And you did not keep any portion of the money which you received?—A. Not a cent. I turned it over to the treasurer of the party.

Q. There has been some criticism that I am not delving deeply enough. Is there anything more in connection with that matter that you can tell the Committee that might be of interest? Who delivered these securities to you?

—A. Whether Mr. Sweezey or Mr. Griffith—I think in one instance there were the two of them; I do not know whether at any time one or the other was alone.

Q. Under what circumstances was delivery made? At your office?—A. Yes, in my office.

Q. In the form of bonds?—A. Exactly, and without any request from me.

Q. You have heard Mr. Sweezey say that he was advised by Mr. Haydon that these payments might be made to you?—A. Yes.

Q. You have no reason to doubt that?—A. None whatever.

Q. As trustee for the party in the province?—A. Exactly.

Q. Did you bank them?—A. I did not.

Q. Or did you deliver them on in specie to the treasurer?—A. I turned them over to the treasurer of the party.

Q. Exactly as they came to you?—A. No, I think I got the cash for them, but I did not bank them at all.

Q. You realized them?—A. I realized them.

Q. Got cash for them, and it was that cash that you turned over to the treasurer?—A. Exactly.

Hon. WILFRID LAURIER McDougald was recalled.

By Mr. Smith:

Q. You are a senator of the Dominion of Canada?—A. Yes, sir.

Q. And I believe that you were summoned to office when?—A. In 1927.

Q. And at that time and prior to that time you occupied a position as chairman of the Harbour Board of Montreal?—A. Yes.

Q. And you were appointed to that position by the same Government in power at the time you were appointed to the Senate?—A. Yes.

Q. And prior to that you had been extensively engaged in business?—A. Yes.

Q. And prior to that you had served on a committee—prior to appointment as senator—on what is known as the National Advisory Committee?—A. Yes.

Q. Your appointment to that committee, was, I believe, in May of 1924?—A. Yes.

Q. Now, in 1923, as we have it in evidence, you had a discussion with Mr. Henry with respect to the development of power on the St. Lawrence River?—A. Yes.

Hon. Mr. CANNON: Is my learned friend referring to this year's evidence?

Mr. SMITH: As a matter of fact I was referring to the blue book, but Mr. Henry did mention it.

By Mr. Smith:

Q. In any event, you did see him and had discussions with him as to the development of power?—A. Yes.

Q. And in so far as this Beauharnois project is concerned, that was your first introduction to it, as I understand?—A. We never discussed Beauharnois at that time. I knew nothing about Beauharnois.

Q. I mean the power on the Soulanges section of the river?—A. Oh, no. I think I had known about it in a general way for a good many years.

Q. But Mr. Henry's discussion was the beginning of any direct interest in it?—A. Which led up to the present situation.

Q. And I suppose there is no doubt that you interested yourself in Mr. Henry with a view to making some money for yourself?—A. No doubt at all.

Q. That is a natural and laudable ambition. So from 1923 you were interested in the development of projects on that section of the river with a view to making yourself some money?—A. Yes.

Q. And you succeeded in so doing?—A. Eventually, yes.

Q. Now, the National Advisory Committee were appointed in May of 1924?—A. Yes.

Q. And you were meeting from time to time?—A. Yes.

Q. I had forgotten another Committee—the Special Senate Committee, under the chairmanship of Senator Tanner. You were also a member of that Committee?—A. Yes.

Q. You were named to that in—do you remember the time?—A. 1928. May, 1928, I think.

Q. The 20th of April, 1928, is I think the date of its creation. And you attended the meetings of these two Committees, and were always of the view that the development of the power in the whole Canadian section that is in the Province of Quebec, should be done by private interests?—A. Well, neither one of those Committees were dealing with power; they were dealing with the development of the St. Lawrence waterways. The power was incidental.

Q. Then, aside from Committees, your own view has been from the beginning that that development should be done by private interests?—A. Quite. I do not believe in public ownership.

Q. Then the converse of that is that you did believe in the development of this power by private interests?—A. Quite.

Q. And believing that, you no doubt were at all times interested in the ownership of that power, that is as between the Dominion Government and the Province of Quebec?—A. I hadn't given that much thought. That was a purely legal matter. I didn't feel competent to give any opinion on it whatever.

Q. I don't know that you were competent to deliver an opinion, but you must have had some opinion?—A. I didn't have a settled opinion about it.

Q. Have you any now?—A. It is still as unsettled as it was at that time.

Q. So far as you were concerned, all through these years you have had no definite view as to who had the ownership?—A. Quite unsettled in my mind.

Q. In other words, it may be the Dominion and it may be the Province of Quebec?—A. It was a legal matter, in my mind, pure and simple.

Q. But as I say, the ownership was in one place or the other, and you never have made up your mind as yet which it was?—A. No.

Q. Now, Mr. Henry incorporated a company known as the Sterling Industrial Corporation?—A. Yes.

Q. Prior to that he had made some investigation with your knowledge of this section of the river?—A. Yes. That is what I authorized him to do in 1923.

Q. And he discussed with you from time to time the progress he had been making?—A. In a very general way only. I asked him first how much it would take to make a report and make an investigation, in 1923, and he said he thought an amount not to exceed \$10,000 would cover the report and whatever he wanted to do, and I told him to go ahead and do it, I would be willing to pay \$10,000. When I allowed him—or agreed with him to do that, I had no notion of undertaking any part of the detail of it at all. While he may have spoken to me in a general way, it was never in detail. I gave him *carte blanche*.

Q. You made him your agent with full authority to make these investigations?—A. Yes.

Q. And provided him with the money?—A. Yes.

Q. Believing you both would share in the fruits of the enterprise?—A. That is certain.

Q. You were in a sense partners in the enterprise?—A. You might call it that. There was no partnership. I was simply having him make an investigation. We were associates.

Q. You were associates, looking to mutual benefits?—A. Yes, if anything came out of it.

Q. But you did have discussions with him from time to time, general discussions, as you say, as to what he was doing?—A. Yes.

Q. And you had a discussion with him with respect to the user, or the using of a company called the Superior Sales Company?—A. That is right.

Q. To make an application to the Dominion Government?—A. Yes.

Q. And he concluded that the charter was not broad enough for his purpose?—A. Right.

Q. You knew he was making an application for the diversion of water?—A. He told me he would have to.

Q. You knew he was making an application to the Dominion Government?—A. Yes.

Q. And you knew too, later on, that through the medium of a Company called the Sterling Industrial Corporation?—A. Yes.

Q. What did you spend in connection with that Sterling Industrial Corporation? You remember I called Mr. Ebbs, and as far as he can find there is only \$2,500 that went to the credit of that Company?—A. All I can say is that I agreed with Mr. Henry that I would allow him, or would pay bills up to \$10,000. I couldn't swear whether \$10,000, \$7,000 or \$8,000 was spent. At that time I had various companies in which I was interested, and it was my custom if I had

an application, or had given an undertaking, to say to my financial man "I have agreed with Mr. Henry that I will pay bills up to \$10,000 on his say-so." I could not say whether it was \$10,000 or \$6,000 or \$7,000, and have no way of finding that out.

Q. I think it is \$2,500. Mr. Henry has told us he received no money at all?—A. Yes.

Q. And we brought an officer of the Sterling Industrial Company, and the bank book?—A. Yes.

Q. And the only credit was the sum of \$2,500.

Hon. Mr. CANNON: I think in fairness you might mention the McRae report.

Mr. SMITH: This shows that McRae had been paid \$1,500 of that \$2,500.

By Mr. Smith:

Q. Do you know of any other sums advanced to anybody—A. I think Mr. Henry said he got \$3,500. Whether he got it through Mr. Henry or through Mr. Haydon's office I cannot tell you.

Q. Mr. Henry has told us nothing was paid through him, and Mr. Ebbs has told us of all the payments he knows anything about. The point is, you are not in a position to tell us how much you paid on your undertaking?—A. I could not tell you, no.

Q. This Company having been incorporated—You knew it was going to be incorporated?—A. Yes.

Q. And you sent Mr. Henry to Senator Haydon for that purpose. He may have been Mr. Haydon at that time?—A. I think he was.

Q. You sent him to Mr. Haydon for that purpose?—A. Yes. I suggested Mr. Haydon as a good lawyer that he should go to him.

Q. And the Company was then incorporated, and it later was agreed between you that you had an equal interest in that Company?—A. Not until 1929.

Q. We have the letter of 1929?—A. A long time after.

Q. Was this not so—you heard Mr. Henry's evidence that he had had in the back of his mind that he would have a fifty per cent interest, and that finally that was consummated?—A. To be frank, at that time I had not much idea about it. I didn't put much faith in it that anything would come out of it. It was a gamble. I put money into it just the same as I would put money into an oil syndicate out in your part of the country without much certainty as to the result.

Q. You should try that in Alberta and you would be certain that you would get nothing out of it.

Right Hon. Mr. GRAHAM: You would get a lot of corroborative evidence.

Mr. SMITH: All we have is gas.

By Mr. Smith:

Q. But irrespective of how you got it, you realized all through these years that you did have a beneficial interest in the Sterling Company?—A. Oh, quite.

Q. No doubt about that?—A. No doubt about that.

Q. Now I come to later days. You did invest in what is known as the Beauharnois Syndicate?—A. Yes.

Q. You realized, of course, that the Sterling effort, if I may use that expression, was based on the ownership of this power by the Dominion Government?—A. Yes.

Q. You realized that the Beauharnois effort was based on the principle that the province owned the power?—A. Yes.

Q. So you were in a position either way in this development—to realize from this development no matter where ownership lay?—A. No, sir. At that time I had dismissed the Sterling Industrial Corporation from my mind entirely. The National Advisory Board had made their report. The report of the engineers of the National Advisory Board had recommended the development on the north side of the St. Lawrence River. The Board accepted that, and we so recommended to the Government of the day. If the Government had gone on with deepening of the St. Lawrence waterway, as every member felt they should and would do, there would have been no development on the south side of the river whatever.

Q. The Government, then, must have changed its mind as to the development in that section?—A. I don't think the Government had made up its mind as to any development.

Q. The Government provided by Order in Council 422 to consent to this development with provision for the protection of navigation works?—A. That came after the National Advisory Board, and had nothing to do with the Board at all.

Q. This came on the 8th of March, 1929. You know order 422?—A. Very well.

Q. And that provides for development, and canalization for shipping on the south side?—A. But that was—

Q. That is true, isn't it—A. But not by the Government at Ottawa; that came from Quebec, and the Beauharnois Company were simply asking the Government, or offering the Government, if they would pass the Order in Council approving their plans, that they would give free and clear to Canada the use of that canal.

Q. On the south side?—A. On the south side.

Q. So that as I say, if we change the canalization from the north side to the south side the Government of the day must have changed its mind as to the proper place to do that work?—A. Not necessarily.

Q. How could they do anything else?—A. Well, that diversion of 40,000 cubic feet of water on the south side did not interfere with any development that the Government might decide to make on the north side at all, if they wanted to go on.

Q. You know, of course, as well as I do that the Beauharnois project is admitted by everybody, Mr. Henry and Mr. Swezey and anybody who had anything to do with it, that it contemplated the whole flow of the river?—A. I think so.

Q. And their financing to the public was done on that basis?—A. Yes.

Q. And if we take the whole flow of the river on the north side we cannot carry boats on the south side?—A. No.

Q. So it is obvious that someone in authority must have had a change of mind when the Beauharnois project was under consideration?—A. I do not think that the Government of the day ever made up its mind about anything.

By Mr. Mann:

Q. The Government of that day?—A. Well, they have not made up their minds yet, I do not think.

By Mr. Smith:

Q. Coming back to the Sterling again, you say that you forgot about it?—A. Up to that time, yes.

Q. You lost interest in it?—A. Yes.

Q. When was that interest revived?—A. Late in the summer of 1928.

Q. Can you place it any more definitely than that?—A. I should say some time in September.

Q. Of 1928?—A. Yes. I could not place it any more definitely than that.

Q. And at that time you were in Beauharnois?—A. I was in Beauharnois.

Q. You had a financial interest in Beauharnois?—A. Yes.

Q. And that interest you obtained from whom?—A. From the late Winfield Sifton.

Q. And when did you do that?—A. On the 18th of May, 1928.

Q. You had been approached by Mr. Sifton prior to this on more than one occasion?—A. Many occasions.

Q. With respect to taking an interest in Beauharnois?—A. Yes.

Q. And as I understand you, in the initial stages you refused to take an interest?—A. Yes.

Q. When did you make up your mind to take an interest?—A. Some time around May, the 18th of May or thereabouts.

Q. I mean, it was not a conclusion you came to suddenly?—A. No, I had been thinking about it and had information about it for some time.

Q. And you had been negotiating with Sifton for it for some time?—A. He had been negotiating with me.

Q. It takes two people to make negotiations, surely?—A. Not always.

Q. Well, you had been having conversations?—A. Yes, that is better, conversations.

Q. He was taking the lead?—A. Yes.

Q. And you were the person being sought?—A. Yes.

Q. And he finally succeeded in coming to a conclusion with you?—A. Yes.

Q. Well, that matter was concluded on the 18th of May, you say. How long had serious negotiations been going on with respect to that purchase?—

A. I should say perhaps over a period of a week or two.

Q. You would confine it to that, would you?—A. He had spoken to me about it long before that. He came to me, about the first time that I can remember when he discussed it seriously with me, or when I discussed it seriously with him, was in March, 1928. He came to my house in Montreal; I was laid up at my house, and he wanted me to make up my mind then to go in. He had spoken to me about it several times, and he told me that the first Syndicate was being closed on the 4th of April and that he had a block of shares that must be allocated to somebody before that date and he wanted me to come in or they would go to someone else. He wanted me to make up my mind to go in, and I told him I was not interested. And I saw him some time later on, about the end of the month, and he again pressed me to go in, and I still said I was not interested. And he told me at that time that he was going to take up the block of shares himself, if he could not get me in, because he would like to know what hands they were going into. And I did not see him again till about the 18th of April. I can remember that very distinctly because I came back to Ottawa—I had been in Bermuda—and he again wanted me to go into the Beauharnois; but on that particular occasion it was to show me a statement that was in the *Toronto Globe* and in the *Toronto Mail and Empire*, in which they made reference to the findings of the National Advisory Board, of which the late Sir Clifford Sifton was a member and of which I was a member.

Q. And that was the occasion when you made a speech?—A. Yes, I made a statement in the Senate.

Q. And at that time had you come to a conclusion as to any investment in the Beauharnois?—A. No, I had not thought about it, even.

Q. Then your idea is that you began to think about it a week or two before the 18th of May?—A. I could not say. He came to me around that date and had discussion before that, of course, and stated to me then that he was in very bad health, did not know whether he would live a day or a month, and

would like to get rid of this obligation that he had taken on. He told me that he did not know whether he could finance the next payment that was coming due and urged me to take up his shares.

Q. And you finally did so?—A. Yes.

Q. What form did your purchase take?—A. Do you mean how was it paid for?

Q. Yes.—A. It was paid for in bonds.

Q. Yes?—A. Paid at my office, paid by my solicitor and my financial man.

Q. At your office?—A. Yes.

Q. In Montreal?—A. In Montreal.

Q. Were these bonds personally handed to the late Mr. Sifton?—A. By my man, yes.

Q. Whom do you mean by your man?—A. Mr. Barnard, who was my solicitor at the time, and Mr. Banks, who was my financial man.

Q. Mr. Charles Barnard, you are speaking of?—A. Yes.

Q. I notice his name appears in the book as Mr. Barnet, but it should be Barnard?—A. Yes.

Q. And it was Mr. Barnard who handed those bonds over to Mr. Sifton?—A. Yes.

Q. Where did he get them?—A. From my financial man, Mr. Banks.

Q. Were you present?—A. I was not.

Q. Whom had you instructed in connection with the purchase?—A. I had instructed Mr. Banks and Mr. Barnard.

Q. And how much did you turn over, I mean face value?—A. \$46,000.

Q. Of what kind of bonds?—A. They were Canadian Victory bonds. I cannot remember the year.

Q. Do you remember the price?—A. No, I cannot say that off hand.

Q. If I tell you they were at \$110 at that time, does that refresh your memory, if I suggest that to you?—A. No, it would not, because there was a series of bonds, '33s and '37s.

Q. At any event, they were selling at a premium?—A. Yes.

Q. So that you were paying to Mr. Sifton this \$46,000 together with the premium that was on the bonds at the time?—A. Yes.

Q. And was that the arrangement you made with him?—A. That was the arrangement I made with Mr. Sifton.

Q. Not that he should receive \$46,000 exactly?—A. He was to receive \$30,000 for what he had paid for the 800 interests in the first syndicate, which afterwards became the second syndicate when I bought them, and there was a 10 per cent payment on the second syndicate, amounting to \$16,000; and my arrangement with him was that he should get \$46,000 of bonds, which would take care of the \$30,000, which he had paid for the first syndicate shares, and \$16,000, which would be the first payment on the second syndicate, and the difference in price would be for his out of pocket expenses, whatever it was.

Q. If I am right about the 10 per cent, that would be \$4,600, around that sum?—A. Yes, if you are right.

Q. If there was a premium of 10 per cent at that time?—A. Yes.

Q. What documents were exchanged between you and Mr. Sifton?—A. None whatever between myself and Mr. Sifton. Mr. Barnard got a letter.

Q. I suggest that Mr. Sifton gave somebody a receipt?—A. He gave Mr. Barnard a letter.

Q. A letter in his own handwriting?—A. Yes.

Q. And that letter was the acknowledgment of this \$46,000 worth of bonds?—A. Yes.

Q. And I suggest to you that Mr. Barnard then saw you with this receipt and told you that there was a loophole—I am not trying to quote his exact

language—because Mr. Moyer was not on the document and he was the ostensible owner of the part interests?—A. I knew that from Mr. Sifton.

Q. I suggest to you that Mr. Barnard pointed that out to you?—A. He did.

Q. And what did you say to that?—A. I said that if he was satisfied with the receipt and that I was properly safeguarded, I was satisfied.

Q. Of course, my suggestion to you is that he told you he was very far from being satisfied with the receipt?—A. No, he did not put it that way.

Q. You had not the consent of the man who was the actual owner of the part interests?—A. Mr. Barnard had the letter which was turned over before the bonds were delivered to Mr. Banks, the financial man, and Mr. Barnard called me up and read me the letter. I was at the Harbour at the time, I was busy, that is why I was not there personally. And he pointed out that there might be some difficulty with Moyer, and I said if he was satisfied to take the chance that I would take the chance.

Q. Where is that letter?—A. At the time Mr. Barnard told me that his arrangement with Mr. Sifton was that after this deal was consummated—this is the part that there is the mystery about, that everybody is talking about as a mystery—

Q. I have not said it was a mystery.—A. It was stated in the old report. Mr. Sifton never wanted his name to appear in the Beauharnois transaction. That was one of the conditions that he made with Mr. Barnard and also with myself, that it would not be revealed that he was the owner of the shares; that is why he put them in the name of Mr. Moyer. He did not give me all the reasons for it, and I am not going to suggest what the reason was. Both he and his father did not want it revealed, and he had his own personal reasons for it and I accepted them. At the same time I did not want to appear at that time in the Beauharnois Syndicate, and I was satisfied to allow the shares to remain in the name of Moyer until I was ready to make the next move.

Q. But you are a man of business, and here were the shares in the name of Moyer, and Mr. Sifton died on the 13th of June?—A. Yes.

Q. And you had not a scratch of a pen from the ostensible owner of those shares, Mr. Moyer?—A. Just the letter that my attorney had, and he was satisfied with it, and I think you should ask him about it. I was satisfied with him.

Q. I am not satisfied yet. You are a man of much business experience?—A. I have taken lots of gambles and I was satisfied with that gamble.

Q. You do not gamble when you do not have to—I do not mean for pleasure, of course, but I mean you do not take a chance in business, surely, when there is no necessity for your doing so?—A. Well, I did not consider I was taking any great chance.

Q. Here you were in this position, that you took a receipt from Sifton. Moyer was the registered owner of those interests and you did not have a scratch of a pen from Moyer?—A. Nothing from Moyer, no.

Q. And I am suggesting to you that what you told Mr. Barnard was to forget about Moyer, that you would look after that, or words to that effect?—A. I cannot recall that I ever said anything of the kind to Mr. Barnard.

Q. Then your statement is this, that you put it up to Mr. Barnard?—A. I did.

Q. And said that if he was satisfied that you were?—A. Yes.

Q. Now, what happened to this receipt or letter in Mr. Sifton's handwriting?—A. Mr. Barnard told me when this last inquiry was on, I asked him about it—at the beginning, in fact, he told me that Mr. Sifton asked him not to reveal it to anyone. I saw it myself at the time, and Mr. Banks brought it to me.

Q. I suggest that Mr. Barnard brought it to you?—A. No, Mr. Banks brought it to me. Mr. Barnard read the letter to me on the telephone, or gave me the substance of what Sifton would put in this receipt.

Q. What was in it?—A. I cannot tell you now.

Q. You were going to tell me where the letter was?—A. Mr. Barnard told me that one of the stipulations was that the letter would not be used unless it was necessary to use it, and it never became necessary to use it. And he agreed with Mr. Sifton that when the shares were transferred the letter would be destroyed.

Q. You say an agreement was made between Barnard and Sifton that when those shares were transferred to you the receipt should be destroyed?—A. Yes.

Q. Why was Mr. Barnard taking instructions from Sifton with respect to a receipt which was your own property, not Sifton's?—

Hon. Mr. CANNON: How can the witness answer that question? If my learned friend wants to find that out, the man who can tell him is Mr. Barnard.

The CHAIRMAN: This witness can look after himself. There is no difficulty about this witness.

Hon. Mr. CANNON: My learned friend is asking the witness to give to the Committee the reasons why Mr. Barnard did so and so. That is for Mr. Barnard to say.

The CHAIRMAN: The witness is quite competent to look after himself in that respect.

Hon. Mr. CANNON: Well, Mr. Chairman, I am not doubting for a minute that the witness is competent, but I am pointing out to the Committee that the question which is now being put to the witness is of such a nature that he cannot answer it.

The CHAIRMAN: You do not need to worry about the Committee; the Committee understands.

Hon. Mr. CANNON: If I do not worry about the Committee or about my client or anything, I do not see why I should be here.

Mr. SMITH: Worry about me.

By Mr. Smith:

Q. You no doubt have had some discussions with Mr. Barnard?—A. Yes.

Q. And you have no doubt learned where this receipt is?—A. Yes, he told me at the time that he destroyed the receipt, the letter.

Q. That he, Barnard, himself had destroyed that letter?—A. Yes.

Q. And did you ask him why he, as your solicitor, had destroyed your property?—A. Yes, because he had agreed to do so with Mr. Sifton. It was a gentleman's agreement, I think that would be the answer I would make to that.

Q. That was after you appeared in public as the owner of these shares?—A. That was after the 2nd of October when the shares were transferred to John P. Ebbs, who was my nominee.

Q. After they came out of Mr. Moyer's hands?—A. Yes.

Q. I am suggesting this to you, and I want you to think it over. You at that time had put up \$46,000?—A. Yes.

Q. Plus the premium, whatever it was?—A. Whatever it was.

Q. And you had taken on an obligation of \$144,000, that is the \$160,000 less the \$16,000 which was the first payment?—A. Again a gentleman's undertaking. I was not in it at that time.

Q. Moyer was the man in the books of the company who was stuck for that \$144,000—I do not mean that in any offensive way, I mean liable for it?—A. Yes, he would have been.

Q. He was the person who would have been liable for the \$144,000?—A. Yes.

Q. And you had never seen this man who was liable for the \$144,000?—A. Oh, yes, I had.

Q. I mean, you had never discussed this transaction with him?—A. No.

Q. You say Sifton gave your man, Mr. Barnard, this handwritten document. Then what about your liability of \$144,000? What were you thinking about that?—A. Well, there was no call, as far as I knew, excepting the \$16,000 which had been paid, until October.

Q. Mr. Moyer has told us that he received a number of calls after Mr. Sifton's death.—A. I knew nothing about calls at the time.

Q. Did you not communicate with Mr. Moyer and say, "Here, I am your paymaster"?—A. No, I did not communicate with him at all.

Q. Did it occur to you that that young man might be worrying about being called for a portion of \$144,000 when the shares were not his?—A. No, I did not think so.

Q. And his client was dead?—A. No, I did not think so.

Q. It strikes me that you might have taken some interest in it, Senator McDougald?—A. Well, at the time he had the word of Winfield Sifton that they would be taken care of, and he told me that he had instructed Moyer that he would get instructions from me at the time. I did not consider it was the time for me to give instructions and I did not get in touch with him until I was ready.

Q. So that you had a moral responsibility for \$144,000, although the bonds were not registered in your name, a moral responsibility to pay \$144,000, and there was no communication whatever between yourself and the person who held them for you?—A. Not a thing.

Q. And the evidence of payment for that in the hands of your solicitor?—A. That is right.

Q. With an outstanding agreement with your vendor that the evidence of payment should be destroyed when the shares came into your name?—A. That is right.

Q. Rather a peculiar and circuitous way of handling a transaction, was it not?—A. No, I think that is a common way.

Q. Again I must plead my lack of experience. But it could have been done more simply?—A. Excepting for the reason that neither Sifton nor myself at the time cared to have our names appear in the transaction.

Q. Perhaps you can explain why you did not care to have your name appear in the transaction. You have said that you did not think that other people should be influenced by the fact of your investment, but did you not think that that was the time when the public should know that you were in it?—A. No, I did not think so. At that time I thought it was a pure and simple gamble.

Q. A pure and simple gamble where you had no legal commitment to pay?—A. Do you mean I was trying to take advantage of it?

Q. I do not mean that.—A. What do you mean?

Q. You said you felt morally bound?—A. Yes.

Q. But you had no legal commitment to pay?—A. No, I had no legal commitment to pay.

Hon. Mr. CANNON: I think it is an unfair thing to state that he was not legally obligated. I would be willing to argue the other side, with a good chance of success.

Mr. SMITH: I know you would have some chance of success, but I was trying to get your client's view of that thing. I have got it, so we will not need to argue it now.

By Mr. Smith:

Q. Now, with respect to that letter, I suggest that that letter was returned to you by Mr. Barnard, after the shares came into Ebbs' name on the 2nd of October.—A. It was not.

Q. That is incorrect?—A. That is incorrect.

Q. And you have told me, perhaps, all you can as to your knowledge of what happened?—A. That is about all.

Q. Now, you were then in Beauharnois on the 18th of May?—A. Yes.

Q. Mr. Sweezey was the promoter of that concern?—A. Yes.

Q. And you saw him from time to time, no doubt, in and about Montreal?—

A. I had seen him with Mr. Sifton prior to that time on several occasions. He had asked me to join the Syndicate on several occasions.

Q. And you no doubt saw him afterwards in Montreal?—A. Yes.

Q. And in Ottawa?—A. Yes.

Q. When did you first let Mr. Sweezey know that you had an interest in Beauharnois?—A. I could not fix a date but I think some time in the late summer of 1928, some time after Mr. Sifton's death.

Q. Would you care to fix the month?—A. I could not fix it.

Q. When did you let Mr. Henry know you had an interest in Beauharnois?—A. I should say not until about September of that year.

Q. Did Henry know you had an interest in Beauharnois when you were negotiating with Sweezey for the sale of Sterling to Beauharnois?—A. Certainly, absolutely.

Q. He knew that?—A. Absolutely.

Q. No doubt about that?—A. No doubt about it at all.

Q. When did Sweezey know that you had an interest in the Sterling?—

A. From myself, do you mean? I can only tell you when he knew it from myself.

Q. Tell me that.—A. Some time in the summer of 1928.

Q. And that was the summer of the year in which your interest in Sterling revived?—A. That is right.

Q. Tell me about that revival. How did it come about?—A. Well, after the National Advisory Board had finished and their report was in—

Q. You mean the National Advisory Committee?—A. Yes.

Q. The Board was the international one?—A. Yes.

Mr. MANN: The international body was the Joint Advisory Board, and the other body was the National Advisory Committee.

The WITNESS: Yes. Mr. Henry came to me and wanted to know what was to be done with Sterling and whether he would continue his activities, and told me that he had been for some time in touch with various interests in New York and in Boston, and particularly with Dillon-Reid in New York, and that they were ready, he thought, to go on and finance any project that he might refer to them that had any merit. He wanted to know what I thought about it, and I told him that I was in the Beauharnois Company, that I had gone into the Beauharnois Syndicate, and that he should think it over and see whether some arrangement could not be made by which the Beauharnois Company would take on the Sterling, instead of having that competitor, that there might be some basis that they could come together on, and I asked him to think it over.

Q. What then?—A. He did not give me any opinion about it at the time at all. He thought he had as good a chance to do something with the Sterling Company as Sweezey had with the Beauharnois Company. In fact, he thought very little about the Beauharnois Syndicate at the time, either from an economic point or from the group itself. He did not know whether they could finance it.

Q. Was that after you told him you were in it?—A. Yes, it was.

Q. That was rather disrespectful, was it not?—A. I should not say so. He had no obligation to me at all.

Q. Surely he had an obligation to you?—A. Very little.

Q. Well, he had some in connection with Sterling, no doubt about that?—A. Yes, if you would call that an obligation.

Q. You were a part owner of Sterling?—A. Yes.

Q. And he had that obligation to you?—A. Yes.

Q. And the obligation of a gentleman not to desert an associate?—A. That is exactly what I was doing with him, I was not going to desert him.

Q. But he was in that position with respect to you?—A. Yes.

Q. Now, go on.—A. The next time I saw him he said he had thought it over and that he thought we had better get together, and I asked him to figure out what he thought the Sterling was worth and what he would be prepared to take for it. And I think I told him at the time that if he wanted to get another group in it I would be prepared to step out.

Q. If necessary, we can recall him as to that. Did you tell him that you were content to step out?—A. Yes, in my own mind I am positive I said that.

Q. Do you recollect it?—A. Yes.

Q. When was it?—A. I could not fix a date.

Q. About what date?—A. About that time in September when I was talking to him.

Q. Of 1928?—A. It is hard to fix everything in a conversation. I was having hundreds of conversations every day with different people. But I am positive I would have said that to him.

Q. That you would have? Well, go on.—A. Well, he came back and told me that he had arrived at what he thought was a fair exchange. The idea was not to sell them those shares or to get money, but an exchange of shares. He has explained to this Committee how he arrived at that. And I was satisfied that that was a proper basis, and I took it up with Mr. Sweezey. I am also sure that he and Mr. Sweezey met and had a discussion before that in the interval. I do not recall that he said that the other day in his evidence, but I think if you followed up Mr. Sweezey's evidence you will see that he said that he and Mr. Henry talked about it.

Q. Mr. Henry said that he learned about the composition and set-up of the Beauharnois Syndicate from you?—A. Yes.

Hon. Mr. CANNON: Did he say that this year or last year?

Mr. SMITH: I do not think I should have to tell my learned friend just when the witness said something.

Hon. Mr. CANNON: I think when my learned friend refers to evidence he should tell us where it is. I am not objecting to the question he has just put, but in future it would be only right to do that.

Mr. SMITH: As long as you are not objecting, I will go on.

Mr. MANN: The pages are 100 and 101, particularly 101.

By Mr. Smith:

Q. You did give to Mr. Henry the financial structure and set-up of this Beauharnois Syndicate?—A. In general terms, yes. I think I told him the personnel of it and what their intentions were. He knew something about it before, no doubt.

Q. He had previously met Mr. Sweezey?—A. Well, at some time.

Q. And then you came down and you finally made a deal with the Beauharnois Syndicate?—A. Yes. I did not make the deal; I discussed it with Mr. Sweezey and he had agreed that 2,000 part interests would be satisfactory, and I then instructed Mr. Ebbs to negotiate with either Mr. Sweezey or Mr. Griffith, whoever was named by the Syndicate manager, to negotiate a document, if that would be required.

Q. There is no doubt about this, that irrespective of documents, the payment of 2,000 part interests for the five shares of Sterling was the result of discussion between you and Sweezey?—A. Yes.

Q. And in as far as Ebbs and Griffith were concerned, they were merely putting your arrangement into some proper form?—A. That is correct.

Q. And the form of that was that the payment of these 2,000 part interests was subject to the consent of the Dominion Government being obtained in terms of the emphyteutic lease that they had with the province of Quebec?

Hon. Mr. CANNON: One moment.

The CHAIRMAN: Let the witness answer the question.

Hon. Mr. CANNON: But I am here to represent his interests, Mr. Chairman, and the objection that I am going to make now is that the question as put by my learned friend does not describe the situation as it was. The Government of Canada was never asked to consent to an emphyteutic lease or to anything of that kind.

The CHAIRMAN: Cannot the witness say "No"?

Hon. Mr. CANNON: No. That is a point of law, that the witness does not know anything about, and I happen to know about it.

The CHAIRMAN: Well, the witness can say he does not know anything about it.

Hon. Mr. CANNON: I do not think the Committee would be satisfied with an answer of that kind.

The CHAIRMAN: I do not see any reason for interrupting. I never saw a witness more gently handled.

Hon. Mr. CANNON: I am not criticizing the way my learned friend is examining this witness, nor the way he has examined any other witness. I am stating that the question as put to the witness describes the legal situation as regards the Dominion Government in a way which is not really according to the law and according to the facts.

The CHAIRMAN: Well, that may be your opinion.

Mr. SMITH: I will try to re-state myself, so that there will not be any objection to it.

By Mr. Smith:

Q. The Beauharnois had an emphyteutic lease from the province of Quebec?—A. Well, I cannot tell you that.

Q. Did you ever hear that?—A. I don't think I ever heard that term until I heard it before this Committee.

Q. I am going to leave out that word—that they had that right from the province of Quebec to do certain things in that Soulanges section leading to the development of power?—A. Yes, I knew that.

Q. And you knew that it was a term of that arrangement that an agreement must be entered into with the Dominion of Canada within one year under the Navigable Waters Protection Act; you knew that?—A. I knew that, yes.

Mr. SMITH: Is that satisfactory?

Hon. Mr. CANNON: Very satisfactory.

By Mr. Smith:

Q. And that being so, what do you say about the position of Sterling?—A. Well, I thought—now I am talking as one interested in the Beauharnois Syndicate; I was a big shareholder in the Beauharnois Syndicate at the time—I thought that they were coming to Ottawa, and that they had a year in which to have their plans approved there, by what you have just stated. I thought it would be better for Mr. Swezey and his partners, of whom I was one, to remove any opposition that there might be at Ottawa here, and I have particularly in mind that Mr. Henry—I knew him as being a very competent

man, I considered him one of the best engineers in the country, and I knew that he could be associated or associate himself with anyone of two or three groups here opposing this scheme at Ottawa very strenuously; and my advice to Mr. Swezey was that idea of compromise, and if possible something should be done by way of getting the Beauharnois Syndicate and the Sterling interests together; and he agreed with my suggestion. Now, as to the terms of the agreement, and that clause that you are mentioning there, I knew nothing about that. As a matter of fact, what I had in my own mind was that that would not—thinking again of the Beauharnois—I never thought about any such clause, but I did think that if the application to Ottawa by the Beauharnois Syndicate failed with their Quebec charter, that then they might fall back on the Sterling.

Q. The application to Quebec had been granted, Senator McDougald?—A. Not at Ottawa. I am talking about Ottawa now.

Q. You mean that if the application for the agreement with the Dominion Government failed?—A. Yes.

Q. Then you thought they might rely on Sterling; they might have a chance with Sterling for what?—A. The development from Ottawa if Ottawa had the federal rights.

Q. Then you regarded your interests in the Sterling as being of value to get diversion rights of water from the Dominion Government—A. No. I did not think at that time at all—I was not thinking about the federal rights.

Q. You just told me now that you felt—A. There had been no decision at all made about federal or provincial rights.

Q. Follow me for a moment; you said just now, within the last minute, that you felt that if Beauharnois failed to get the necessary consent in Ottawa, then, being the owners of Sterling, they could use that vehicle—you did not use that word; I am summarizing what you said—to get from the Dominion Government diversion rights?—A. I had that in mind, yes.

Q. Then you did think, as an owner of Sterling, that it was of some value for procuring diversion rights for hydraulic purposes from the Dominion Government?—A. Mr. Henry always took that position with me, that he had an equal chance.

Q. What did you think?—A. I had no opinion at all.

Q. I want to know what you think the value of Sterling was; and was that it?—A. No, I didn't think that was the value of it.

Q. What did you think the value of it was?—A. That it was a prior application in the department here, and I had in mind that Mr. Jones had gone to Quebec with the application there, and Mr. Taschereau told him he was just too late, that Mr. Swezey was there ahead of him with the Beauharnois application, and then I had in mind that they joined their forces, and Jones went into the Syndicate with Swezey.

Q. That may be all right, but what did you think was the value of Sterling?—A. Being a prior application in that department at Ottawa, and that it would be a benefit to Beauharnois to have that.

Q. The value of what?—A. The diversion of water of that amount.

Q. Then if it was to be a benefit to Beauharnois to have it remain, why have it removed?—A. Well, I thought it was a benefit to have the opposition removed.

Q. This business was owned by you and Henry?—A. Yes.

Q. So when you said it would be a good thing to have the opposition removed it would be removing what was owned by you and Henry?—A. No; why would I oppose something that I had \$144,000 or \$160,000 in? I was a very big holder in the Beauharnois Syndicate at the time.

Q. No doubt whatever, and that is the reason I cannot understand you receiving some interest from Sterling?—A. That was done with the knowledge of

everybody in that Syndicate—Mr. Jones, Mr. Sweezey—they all had knowledge of it; they knew, here in the Syndicate, they knew I had interest in that Sterling, and it was simply a compromise of the whole, the removing of that opposition that would be the particular opposition of Mr. Henry if he associated himself with another outside corporation.

Q. You are going to say that at the time you dealt with Sweezey for Sterling he knew you were in Beauharnois?—A. Yes.

Q. Did he know you were in Sterling the first time you negotiated for Beauharnois?—A. Yes.

Q. When was that?—A. I couldn't tell you that.

Q. In what month?—A. I couldn't tell you that.

Q. In what year?—A. 1928.

Q. Then your position with respect to that is that when you let Sweezey know that you were in Beauharnois your shares were standing in the name of either Moyer or Ebbs?—A. It was Moyer.

Q. That you then told him you were in Sterling?—A. Yes.

Q. So that at that time your interest in Sterling may have revived?—A. It was after Henry had come to me, and what he said about reviving Sterling.

Q. When was that?—A. It would be in August or September, I cannot fix the date.

Q. Did you tell Sweezey at that time that you thought Sterling was an obstacle to his success here in Ottawa?—A. I don't know whether I used Sterling. I said I thought Henry was an obstacle.

Q. Did you mention Sterling?—A. I might have.

Q. What did you tell Sweezey in respect to Sterling; that is what I want to know?—A. I told him I thought it would be an advantage to the Beauharnois group, or to Sweezey himself, if he could get Henry satisfied in some way so that he would come along and join forces with Beauharnois.

Q. Did you ever hear any member of His Majesty's Council—a member of the Governor General in Council—ever suggest at any time, in connection with the granting of P.C. 422 that Sterling was an obstacle in its way?—A. Never.

Q. As a matter of fact, it has not been withdrawn yet?—A. I can't tell you that.

Q. You have heard other people speak of it?—A. I don't know whether that is right or not.

Q. The shares in the Sterling Company up to some time ago had not even been turned over to the Beauharnois Power?—A. I don't know that.

Q. Then I ask you if it is true that it never turned out to be an obstacle to Beauharnois at all; did it?—A. Not after it was removed.

Q. The application was never withdrawn?—A. That did not matter; they owned the shares; they could withdraw whenever they felt like it.

Q. But in so far as the Governor in Council was concerned, that application was never withdrawn prior to the granting of P.C. 422 to the Beauharnois?—A. Neither Henry nor myself ever pressed it afterwards.

Q. It never was withdrawn?—A. I don't know, but I don't think it is in Beauharnois.

Q. Many people have sworn to it; I want you to accept my word for it.

Hon. Mr. CANNON: I don't think anybody has sworn to it; there was never an application to the Governor in Council.

By Mr. Smith:

Q. There were two applications made, to the Public Works and to Railways and Canals?—A. I cannot tell you anything about that, because I did not do it.

The CHAIRMAN: But you are not divulging any Cabinet secrets.

By Mr. Smith:

Q. You knew there was an application to the Government in some capacity for the diversion of water?—A. I knew it because I saw the letters that he received—Mr. Henry—that is the way I knew it.

Q. You saw a letter from the Government?—A. No, a letter from the Department of Public Works.

Mr. SMITH: I cannot find that for the moment; I will see if I can find it later.

By Mr. Smith:

Q. There is one thing just in this connection I want to ask you; you told me a moment ago that at the time you were negotiating with them to take over Sterling, Sweezey knew you were then in Beauharnois?—A. Yes.

Q. The answers I wanted to direct your attention to are on page 941; Mr. White was speaking to you, and he said, "And at the very time the company took over the Sterling Industrial Corporation you were interested in the Beauharnois Syndicate," and your answer was, "Yes. That was why—" You were apparently interrupted; the next question was, "So they had you, anyway"? And your answer was, "Mr. Sweezey did not know that. That was why I was—" And you were interrupted again, and the question was asked, "And I suppose you did not tell them"? And you answered, "No. That was why I was particularly anxious to get Mr. Henry in there."

Mr. SMITH: I think I should give the witness a copy of what I am reading, so that he will see it for himself. (Handing witness copy of House of Commons report at page 941, top of page.)

Mr. SMITH: Then Hon. Mr. Mackenzie added, "A pretty good poker game, I think," and Mr. White remarked, "That is a game of which I am not able to say anything, of course."

Right Hon. Mr. GRAHAM: Peter was not under oath.

By Mr. Smith:

Q. Now, my submission to you is that the meaning can be taken there that at the time you were negotiating with Sweezey for Sterling he did not know you were in Beauharnois and that you did not tell him?—A. All I can say to that is that I think you are handling me much more gently than I was handled at that Committee.

Q. I do not know whether that is a compliment or not?—A. And as you will have noticed in the questions there and the answers, I was interrupted whenever I would start an answer, I would be interrupted, and I must confess I was a bit confused as to many things that were asked me at the time, and perhaps I would give an answer that was not exactly correct from lack of knowledge of exactly what they were wanting. Now, it has been stated by Mr. Griffith in evidence that he knew I was in Beauharnois, and there was no secret at all about Mr. Sweezey knowing it.

Q. Of course I know that, at some time, but I am speaking of the time of the negotiations for the purchase of Sterling?—A. When I was negotiating with Mr. Sweezey he knew I was in Beauharnois, of course.

Q. This fact is correct, that you felt that Sterling was an obstacle to Beauharnois?—A. Yes, on account of the prior application.

Q. We will leave the particular application just there, you mean in some department in Ottawa?—A. I mean on account of the application that was in the department—the prior application. There was a prior application in the department.

Q. And you have previously described that value as nuisance value, not once but many times?—A. Well, I used the word once, and then the chairman of the House of Commons Committee, and Mr. White followed it up.

Q. You stayed with them; you came in every time they came?—A. Well, it is a common expression, a very common expression.

Q. Do you want to change that now?—A. No, I think that it had a nuisance value, I think that would be—in addition to other values.

Q. What were the others?—A. Prior application.

Q. That is the only reason it had a nuisance value?—A. And Mr. Henry.

Q. What do you mean—Mr. Henry?—A. Because I think, and thought at the time, that Mr. Henry, if he had associated with other interests, that the Beauharnois Syndicate would have had greater opposition than they had. They were having opposition there from every quarter at the time.

Q. You knew that?—A. Yes.

Q. That was apparent to you here in Ottawa?—A. Absolutely; everybody knew it.

Q. And were you doing everything you could to fight back that opposition?—A. Not at that time; I just came into it at that time.

Q. You came into it in May, and you did not get Henry until October, at least; no doubt about that?—A. No doubt about that, and he was not in them, either.

Q. Except through his Sterling units, and they were turned over, I think, in July, 1929.

Q. But you made the agreement long before that?—A. There was an agreement made in October—or December 18th.

Q. December 18, 1928, so Henry did not come in until that time?—A. No.

Q. Then we have all the time between May 18 and December 18, 1928?—A. Yes.

Q. That this opposition was going on to this project?—A. Well, I don't know much about the project at that time, I knew about it afterwards.

Q. But you do know that the application was pressed from January, 1928?—A. I don't remember the date, no.

Q. There was a prior application in March, 1927?—A. I did not know that.

Q. But I want to know what you had done with respect to Henry, will we say, between May 18th and December?—A. What had I done with Mr. Henry?

Q. Yes?—A. I had done nothing with Mr. Henry.

Q. What discussions did you have? What lines did that follow?—A. What I told you, that I thought it would be in the best interests of very one if some arrangements could be made with the Beauharnois by which the Sterling and Beauharnois would get together.

Q. When did you discuss with Henry?—A. Some time in August or September.

Q. It was after disclosing that to Mr. Henry that you had this negotiation with him with respect to Sterling?—A. Yes.

Q. You have told me it had an obstructionist effect?—A. I did not use the word obstructionist.

Q. Do you prefer that to nuisance?—A. No.

Q. You said it had a nuisance value because of the prior application?—A. Yes.

Q. That would be an obstruction?—A. No, I would not use that word. I never intended to obstruct.

Q. I did not say you intended to do anything, but if I understand you correctly, the fact that Sterling had a prior obligation to the department at Ottawa would obstruct the granting of the order to Beauharnois?—A. Well, Mr. Henry always took the position that he had just as good a chance of having it—

Q. Will you answer my question?—A. I am answering your question.

The CHAIRMAN: The witness can answer the question, and then give any explanation he wants to. That is the regular course.

Hon. Mr. CANNON: Mr. Chairman, with all deference and every respect to you and the Committee I think the witness ought to be allowed to answer.

The CHAIRMAN: Well, why not let him answer?

Hon. Mr. CANNON: I am letting him answer, but it is my learned friend who is interrupting.

The CHAIRMAN: He was not answering the question; he was giving a different statement.

Hon. Mr. CANNON: I beg your pardon.

The CHAIRMAN: Well, I beg yours.

Hon. Mr. CANNON: This witness is right before the Committee.

The CHAIRMAN: Put your question, Mr. Smith.

By Mr. Smith:

Q. By what I understood your evidence to-day to be, it is that one of the values of the Sterling Corporation was because it had a prior application to the Government departments here for the diversion of water, and because it was a prior application it stood in the way of the Beauharnois application being granted?—A. Right.

Q. Do I correctly interpret what you said?—A. That is correct.

Q. Then I think you will not mind the use of the word, that it was an obstruction to the granting of the Beauharnois order?—A. Yes, it would be, naturally.

Q. And the owners of that property were the only persons who could deal with that obstruction?—A. Yes.

Q. And you and Henry were those owners?—A. Yes.

Q. And you did deal with that obstruction by selling it to the Beauharnois Power for 2,000 part interests?—A. That is right.

Q. Now, about value, you have told me about Mr. Henry; what other value did it have?—A. Well, it had no physical assets. The two values it had were prior application, and in my opinion the value of Mr. Henry to the Beauharnois group. What I had in mind was that Mr. Henry would be associated with the Beauharnois enterprise if it got under way properly, and he would come into it—as he has done.

Q. Mr. Henry came in with the Beauharnois group, that is true, and he became general manager?—A. Yes.

Q. And he received a salary of \$40,000 a year?—A. I think so.

Q. And he was getting a number of shares in the Company aside from the salary?—A. A number of shares, yes.

Q. And according to the evidence, as I read it, the salary he had drawn for a great many years, his maximum was \$10,000?—A. I don't think so. I would not discuss Mr. Henry's personal affairs.

Q. I am not discussing his personal affairs; I am discussing evidence; it was \$10,000 in two places, but he said one could not take both under the regulations of the Government.

Hon. Mr. CANNON: He said he was with the Canadian National Railways. I don't know what his salary was, but I think surely it was more than \$10,000.

Mr. SMITH: You seem to think that is small change.

Hon. Mr. CANNON: If my learned friend had been here he would have found out.

By Mr. Smith:

Q. But that was the position that Mr. Henry took with this Company?—

A. I just don't understand what you are getting at, Mr. Smith. If you could make it a little clearer perhaps I could answer.

Q. Mr. Henry did join the Beauharnois?—A. At what time do you mean he joined the Beauharnois?

Q. When he became Chief Engineer and General Manager, and they began to pay him?—A. Yes, but this was a long time after this Sterling. Now, are you divorcing Sterling?

Q. I am divorcing Sterling, and aside from what he got from Sterling, he received generous treatment from the Company; that was more for his engineering ability?—A. I think he was worth it; personally I do not think that salary amounts to very much if a man is the right man.

Q. Now, on various occasions you have in public places discussed this whole Beauharnois project?—A. I have discussed the St. Lawrence waterways. For years, if I may say so, I think I was one of the first public men in Canada to point out and publicly advocate the deepening of the St. Lawrence waterways, and for that, by the Montreal press I was called a traitor. I have been the man who started and backed the St. Lawrence waterways from the very beginning, and still believe in it.

Q. Now that you have said that, do you want to say any more about that? If not, we will talk about something else?—A. All right; I am ready.

Q. Now, you made a speech in the Senate in response to an attack upon you, or what you thought was an attack upon you by the *Toronto Globe* and the *Mail and Empire*?—A. Yes.

Q. And of course you remember the date of that, I think; when was it?—A. I think it was the 18th of April, 1928.

Q. The 19th, I think, as a matter of fact?—A. Well—

Q. And you, of course, know why I mention this, because there has been a lot of controversy over what you said at that time. I will summarize it if I may, or I will read it if you want me to.

Hon. Mr. CANNON: I would rather my learned friend would read it. He summarizes very well, but it is not always satisfactory.

Mr. SMITH: I will read it.

Hon. Mr. CASGRAIN: Read all the speech.

Mr. SMITH: I will do my best to please you too.

You said this:

Honourable gentlemen, I desire to make a statement on a question of privilege, and to give an absolute denial to certain newspaper implications reflecting on my honour and integrity, both as a member of this honourable body and as a private citizen.

The *Toronto Globe* of April 18 prints a despatch from its Ottawa correspondent, dealing with the bringing down of correspondence between the Canadian and United States Governments on the subject of the St. Lawrence waterways, in which it says, amongst other things:

Hon. Senator McDougald is reputed to be connected with the Beauharnois Power Company, which recently obtained a charter from the Quebec Legislature for a gigantic development in the Quebec section of the St. Lawrence.

The report also contains a number of statements relative to the merits of private and public construction. I am concerned, however, only in giving an immediate, unequivocal and absolute denial to the implication of the *Globe* despatch that I am connected with the Beauharnois Power Company. I want to say here, and to say it with emphasis,

that I do not own a dollar's worth of stock in this enterprise, and have no interest in or association with that company in any way, shape or form.

Now let me deal with a despatch which appeared in the *Toronto Mail and Empire*, also an April 18, and similar to that of the *Globe*, with the exception, perhaps, that where the *Globe* "reputes" the *Mail and Empire* "suspects."

That the report was written by Senator McDougald, Sir Clifford Sifton and Thomas Ahearn is believed, and the other members of the committee played unimportant parts and did not influence the decision. These three capitalists are either known or suspected of being interested in power schemes, and the proposal to develop the national section first at the expense of private interests who would have the power, is credited to them. . . . The criticisms so far advanced are many and pertinent. . . . that the proposal endorsed by the Government was prepared by power interests represented by Sir Clifford Sifton, Thomas Ahearn and Senator McDougald.

Speaking for myself, I want to make a further positive and absolute denial of the implications and suspicions of the *Mail and Empire*. The report was prepared by the Advisory Committee, and by the Advisory Committee alone. That the Government put upon that committee men who presumably knew something about power and power schemes was probably for the same reason that it puts upon the Railway Commission men who presumably know something about railways;—

You perhaps have not appeared before many of those boards. They vary.

—but for two of the prominent newspapers of this country to put out an impression to the public of this and other countries that the members of the committee were actuated by motives of private gain, or collusion with power interests, is, I think, an action which is undue, unfair and unwarranted. So far as I myself am concerned, I cannot add too much emphasis to my denial of the suspicions and aspersions which these despatches have cast upon me as a member of the Advisory Committee, as a member of this honourable body, and as a private citizen. Perhaps I may take some slight comfort from the fact that this sort of thing seems to be one of the ordinary penalties of public life.

Hon. Mr. CANNON: Hear, hear.

Mr. SMITH: I beg your pardon.

Hon. Mr. CANNON: Hear, hear.

Mr. SMITH: I don't know whether you are applauding the sentiment or the way in which I read it.

Then you made a further speech some time later, on the 20th of May, 1931, in which you referred back to the speech made at this time. I am going to read only a portion of it. If my learned friend wants the whole text he will have to read it himself. What you said was this:—

Honourable members of the Senate, before the Orders of the Day, I rise on a question of privilege. According to the newspapers of this morning the honour and integrity of myself as a member of this House have been attacked in another place, and I desire to draw attention at once to a statement which I made in the Senate in April, 1928, regarding my position in the much-discussed Beauharnois Power Company. Newspaper articles had reflected on myself and other members of the National Advisory Committee reporting on the St. Lawrence waterways. It was insinuated that our decisions and recommendations were influenced by personal interest in power developments on the St. Lawrence. In this

House I stated at the time that I had no interest in the Beauharnois Power Company nor in the syndicate. That was absolutely true and correct. I may say at once that up to that time I had been invited on many occasions to become a member of that syndicate, but had always declined. After that date I was asked again, and had the whole project investigated from every angle. When I was satisfied that it was a proper project for me as a member of this Senate, as a business man, and as a citizen of Canada, to take a financial interest in, I agreed to do so. Some six months later, in October, 1928, I took an interest in the Beauharnois syndicate. I want to assure this House and the country that I was not considering politics or party in any way in becoming a member of that syndicate, and was influenced solely by my business judgment.

I may add that I put into the syndicate dollar for dollar with every other member of it, and when it was dissolved I received my portion of the common stock in the new company, and my portion of the money distributed, as did every other member of that syndicate.

Now I have no apology to make for accepting the chairmanship of that company, nor have I any apology to offer on behalf of the company. I state at once that the men who had the vision and the courage to undertake the building of that great power canal, with all its potential advantages, should be commended instead of being condemned.

Then you went on:—

At the present moment the Beauharnois Power Company are employing 3,000 men on the site of the work—
and you recited the work they had been doing, and the sale of debentures, saying that part had been taken care of by the best legal brains in Canada. Then you concluded in this way—

I ask honourable gentlemen again to take my word and my assurance that when I made the statement in this House it was the truth, and nothing but the truth. In another place a committee is to be appointed to investigate this whole Beauharnois project, and I am confident that the whole thing will be cleared up there to the entire satisfaction of both Houses of Parliament and the country at large.

The only thing I wish to pause and ask you about is your statement that you put into this syndicate dollar for dollar with every other member of it. Is that true?—A. Yes, sir.

Q. How can it be true? Perhaps I should go further and say that you got in on the basis of \$37.50 per unit of the first syndicate?—A. I wasn't in the first syndicate at all.

Q. You took over Mr. Sifton's interest?—A. I wasn't in it. I took it over at what he sold it for.

Q. You took over his interest in the first syndicate on the basis of \$37.50?—A. No, sir, I took it over at \$30,000.

Q. That is \$37.50?—A. I don't know anything about that.

Q. You can work it out?—A. I wasn't in the first syndicate.

Q. You perhaps will agree that the 800 part interests you got—the 1,600 part interests you got, representing the first 800 Mr. Sifton had in the first syndicate, you got for \$30,000?—A. That is correct.

Q. And working it out, that is \$37.50 per share?—A. I take your word for that.

Q. Thank you very much. And you have no doubt learned that there were only three persons who got that interest at that price?—A. I was told afterwards by Mr. Griffith that I had paid the same price as everybody else in the syndicate, and I took his word.

Q. You are not going to dispute the findings of the House of Commons Committee in that, are you?—A. I don't agree with a lot of the things in the Commons Committee.

Hon. Mr. CANNON: We do not agree with that.

Mr. SMITH: I do say this to you: That the Commons Committee made a finding that three gentlemen, and three only, got their part interests on the basis of \$37.50 in the first syndicate?—A. I was not one of those three.

Q. You were not one of those three?—A. No.

Q. One was Mr. Moyer?—A. Yes.

Hon. Mr. CANNON: Where is it in the report?

Mr. SMITH: You have got to do some of your own work soon.

Hon. Mr. COPP: I should be glad to know the page.

Mr. MANN: Page 12.

Mr. SMITH: Look at pages XII and XIII.

By Mr. Smith:

Q. Now, on that basis do you suggest that your statement there is accurate, that you paid the dollar for dollar with everyone in it?—A. I do.

Q. When you made that speech you had acquired, between you and Mr. Henry, 2,000 part interests in the second syndicate?—A. We will just divorce Sterling from that. I wasn't thinking about Sterling when I made that speech; neither was the public.

Q. Give me a chance to make it perhaps even better for you. You said you had invested dollar for dollar with all other persons, and you were referring to the second syndicate?—A. Yes.

Q. You had received for Sterling 2,000 part interests in the second syndicate?—A. Yes.

Q. At the time you made this speech you, on behalf of yourself and Mr. Henry, had received those 2,000 part interests?—A. Yes.

Q. Then, referring to your statement:

I may add that I put into the syndicate dollar for dollar with every other member of it, and when it was dissolved I received my portion of the common stock in the new company, and my portion of the money distributed, as did every other member of that syndicate.

Do you regard that as an accurate statement, having regard to the fact that you got Sterling for nothing?—A. I didn't get it for nothing. It was an exchange of shares between the Beauharnois Syndicate and the Sterling, and had no value at that time at all except the value Mr. Sweezy put on those shares.

Q. It was an exchange of five incorporators' shares?—A. It doesn't matter what it was.

Q. It was an exchange of five incorporators' shares, those incorporators being largely stenographers in Mr. Ebbs, office?—A. As happens in every undertaking.

Q. I haven't got enough stenographers in my office to make a Dominion incorporation?—A. That has no significance.

Q. This Company had no significance, except that it was a nuisance to Beauharnois?—A. Yes. It had a prior application.

Q. And therefore it was a nuisance?—A. That is for Mr. Sweezy to say.

Q. Don't leave it to Mr. Sweezy?—A. That is all right.

Q. So this exchange of shares, these five incorporators' shares for 2,000 part interests, was about eight per cent of the total Beauharnois undertaking at that time?—A. Well, I don't know—

Q. I understand your application—2,000 against \$25,000. So I again say now, having reflected on this matter, I wonder if you regard the statement at page 127, on the 20th of May, 1931, as an accurate statement of affairs?—A. I do.

Q. You do?—A. Yes.

Q. Then, how do you explain the question of the Sterling securities? Where does that come in on a dollar for dollar basis?—A. In my own mind I treated the exchange of shares on the same basis as the Committee treated Mr. Swezey's 600 shares that he got for nothing.

Q. He, originated this scheme and did a lot of work?—A. Yes. So did Mr. Henry do a lot of work in the Sterling.

Q. What did he do? Show me one piece of paper that you have got with respect to Mr. Henry and what he did?—A. He made a lot of reports and investigations, and spent a lot of time over a period of five years, and, as he told you, he considered his work, if paid for, to be worth \$50,000.

Q. And that was done in the employ of the Government or the Canadian National Railways?—A. Not in the Government.

Q. That was done in the employ of the Government or the Canadian National Railways, one or the other?—A. I would confine it to the Canadian National Railways.

Q. That was done during the time of his employment by the railway?—A. Yes.

Q. And do you agree with this \$50,000?—A. I do.

Q. What have you to show for it?—A. I haven't anything to show for it now.

Q. It is just your view?—A. It is my view, yes.

Q. Now, you made another speech. I am trying to cover as best I can all your public pronouncements in connection with this matter. On the 16th of July, 1931, you addressed the Senate again on a question of privilege, and you referred to what had gone on last year and you read the statement which had been read to the Commons Committee by your counsel, Mr. Starr, and then you proceeded:

Now, honourable members of the Senate, in concluding that statement my attorney said there was another place where I could be examined if my colleagues saw fit. I earnestly ask that a special committee of the Senate be appointed at once to investigate my interest in, and my connection with, the Beauharnois Power Company, and I assure the Senate that I will facilitate in every way the bringing before the committee of any material it may require, to substantiate anything I have said; also that I will put before it the facts concerning my interest, as to how and when it was acquired, and as to my connection with that company from its inception to the present time. I may say that I am, I think one of the few who still have all their original shares in the venture. I have never sold a share; on the contrary, I purchased more shares after the venture got under way, and still have them.

Now, as to what your interest in this Company is, it is represented, I think, by about 502,000 shares?—A. I don't think so.

Q. No, I am wrong—200,000 odd. I got the five in the two spot—two hundred odd thousand shares?—A. That included the 40,000 shares of Mr. Henry's.

Q. Being half of the 80,000 which went for Sterling?—A. Yes.

Q. And you, as a matter of fact, at the time the Beauharnois Power Corporation took over the assets of the syndicate, received shares and cash?—A. Yes.

Q. So you stand to-day in this position, that you are, I think, the largest shareholder in Beauharnois?—A. I couldn't say.

Q. You own over twenty per cent of the share interest in the total enterprise?—A. I am not sure of that.

Q. You wouldn't doubt it, would you?—A. Yes, I would doubt very much that I was the largest shareholder.

Q. Would you doubt that you hold twenty per cent?—A. I will take your word for that.

Hon. Mr. CANNON: We would like to have your source of information.

Mr. SMITH: He has taken my word for it.

By Mr. Smith:

Q. And of that interest, roughly one-fifth of this total has not cost you one single net dollar?—A. I put \$110,000 into the Beauharnois syndicate in cash, and was obligated for another \$80,000 that I would have had to pay if they had not been able to finance. Like everybody else in it—

Q. I say you are the owner of that interest, and you have not one single net dollar invested in that corporation to-day?—A. I put \$160,000 or \$200,000 into the syndicate, the same as any other member of the syndicate. I got cash and shares when the syndicate was dissolved, on the same basis as every other member in it.

Q. You put \$200,000 in it?—A. Yes.

Q. That is \$190,000 allowing \$10,000 for your investment in Sterling?—A. Mr. White allowed that. I didn't.

Q. Then you put in \$190,000, and on the 17th of November, 1927, you took out \$780,000?—A. Yes.

Q. And 208,000 shares?—A. Yes.

Q. So that is your position in this company at the present moment.

Mr. SMITH: I think this would be a very good point to adjourn, Mr. Chairman.

Mr. COOK: Before we adjourn, while we are on this, I should like to point out that of the figures you mention a certain amount of the money and the shares belong to Mr. Henry.

Mr. SMITH: Clearly.

The Committee rose until 3.30 p.m.

The Committee resumed at 3.30 o'clock p.m.

Hon. Senator WILFRID LAURIER McDUGALD was recalled as a witness, and testified as follows:

The CLERK OF THE COMMITTEE: You are still under oath, Senator.

By Mr. Smith:

Q. When the Committee rose before lunch I was discussing with you the speech which you made on the 20th May, 1931, in the Senate, and I direct your attention to this portion of it; you said:

Honourable members of the Senate, before the Orders of the Day, I rise on a question of privilege. According to the newspapers of this morning my honour and integrity as a member of this House have been attacked in another place, and I desire to draw attention at once to a statement which I made in the Senate in April, 1928, regarding my position in the much-discussed Beauharnois Power Company. Newspaper articles had reflected on myself and other members of the National Advisory Committee reporting on the St. Lawrence Waterways. It was

insinuated that our decisions and recommendations were influenced by personal interest in power developments on the St. Lawrence. In this House I stated at the time that I had no interest in the Beauharnois Power Company or in the syndicate. That was absolutely true and correct.

You did not actually acquire your interest until the 18th day of May?—A. That is right.

Q. The speech there was made on the 19th day of April, 1928?—A. Yes.

Q. And your first acquisition was the late Mr. Sifton's interest?—A. Yes.

Q. Which you were previously negotiating for, and acquired on the 18th day of May?—A. Yes.

Hon. Mr. CANNON: The 18th day was the negotiation.

Mr. SMITH: Yes, he said he had been negotiating for a week before, and I said, on the 18th of May you had acquired this interest you had been previously negotiating for.

Q. Then to continue:

I may say at once that up to that time I had been invited on many occasions to become a member of that syndicate, but had always declined. After that date I was asked again, and had the whole project investigated from every angle.

Now I want to know what investigation you made of this project between the 19th of April, 1928 and the 18th of May, 1928?—A. Well, first of all I wanted to find out whether or not, as a senator, I could take any interest whatever in the project. I had information from the Beauharnois Company that they came to Ottawa here with their plans, and were simply coming here to ask the Government at Ottawa to approve of their plans so far as they affected navigation; that they were asking no bonus whatever; that there would be no legislation asked of the Government; and that therefore there was no reason at all why I, as a senator, could not ally myself with the undertaking.

Q. That confirmation you received from Mr. Haydon?—A. I received it from Mr. Haydon. I did not have a written opinion from Mr. Geoffrion, but I know he had given a similar opinion to Mr. Raymond and others.

Q. That was the only investigation you made?—A. No, I also found out more definitely who were in it, what their plans were, what their plans for advancing it were.

Q. Are you suggesting that Mr. Sifton had not told you about this?—A. Yes, he had told me on many occasions about that.

Q. Then you said:

When I was satisfied that it was a proper project for me as a member of this Senate, as a business man, and as a citizen of Canada, to take a financial interest in, I agreed to do so. Some six months later, in October, 1928, I took an interest in the Beauharnois syndicate. I want to assure this House and the country that I was not considering politics or party in any way in becoming a member of that syndicate, and was influenced solely by my business judgment.

Q. Now I am referring to the statement of yours, taken with the context which I had read:

Some six months later, in October 1928, I took an interest in the Beauharnois syndicate.

What do you say in respect to that statement?—A. I have to say this. It is true that I bought those interests on the 18th of May, also the 1600 part interests in the second syndicate. I paid 10 per cent, which was the first call made, and allowed them to remain in the name of Moyer until the 2nd of October, and

the 2nd of October was fixed in my mind because it was the day on which my own nominee, Ebbs, took over the interests from Moyer and gave me a deed of trust for them.

Q. You will admit frankly that that statement of yours was entirely mistaken and misleading?—A. No sir, I won't admit anything of the kind.

Q. That you were assigned the shares, part interests, on the 18th of May, 1928; and you have been discussing in this speech that I read to you, prior to this statement you had been discussing a previous statement on a certain date, which was April 19?—A. That was the only reason I got up to make a statement on the date that you are referring to.

Q. Just follow; I want you to get the context of this speech clearly in your mind; then you had previously denied having any interest on the 19th of April?—A. Yes, and I got up to reaffirm that.

Q. And you did that?—A. Yes.

Q. And having denied the interest on that date, the date that you acquired the interest would surely be uppermost in your mind?—A. Not necessarily.

Q. Why would it not?—A. It was three years later when I made the statement in the Senate. I arrived here the night of the day that Mr. Gardiner made a speech, and I felt that I should get upon my feet and reaffirm the statement I had made to the effect that I was not in this Beauharnois project on the 18th of April, 1928—that I was not in it in 1928 when I made the statement at that time—and I simply got on my feet without any preparation, without looking up any notes, to reaffirm that the statement which I made in 1928 was correct. Now, I had in mind the date on which my nominee, Mr. Ebbs, took that interest from Mr. Moyer, and that was the date that was fixed in my mind, and I did not think it made any difference at all as long as I was not in it. I made the speech in the Senate on the 19th of April, 1928.

Q. Then, is your summary of your explanation that when you made that speech on May 20th, 1931, that you forgot the fact that you had become interested in this syndicate in May, 1928, and not in October?—A. No, I had not forgotten; the date was not fixed in my mind, and I simply used that as fixing the date that came into my mind as the date when my nominee went in there. I was not trying to deceive the Senate. The date made no difference to the truthfulness of the statement.

Q. You will admit that the statement you made there was entirely incorrect?—A. I will admit the statement was perhaps indefinite; I was not clear, and when I used the word "ambiguous" in the House of Commons Committee last year, what I meant was not the interpretation the Committee put on it but that perhaps I had not made myself perfectly clear to the members of the Senate hearing me.

Q. That is your attitude as you describe it now?—A. I describe it as perhaps not exactly clear in so far as the date is concerned.

Q. It is, in fact, an omission amounting to a concealment, is it not?—A. Nothing of the kind, sir.

Q. You assumed to describe it?—A. Just a little inaccuracy in dates, that is all, because it made no difference to the position at all. All I wanted to say when I made my statement in 1928 in the Senate was that I was not in the Beauharnois Company, and I was reaffirming that statement.

Q. That was that when you made your speech in 1928 you were not in the Beauharnois?—A. It makes no difference if it was only the next day.

Q. The fact is that within one month and one day you were interested, and that was denied in April, 1928?—A. My statement was absolutely true to fact when I made it.

Q. That being so, and standing up in your place in 1931 to reaffirm your position, surely it is obvious that the fact you did come in within one month

would be uppermost in your mind?—A. Not necessarily at all. The only fact I had in my mind was that I was not in on the 19th of April when I made the statement. That was the only thing I had to reaffirm, and the only thing I had to prove.

Q. This fact remains, that you were not in when you made your speech in April?—A. No, sir.

Q. You intended to reaffirm that?—A. I did.

Q. At some time later you had come in?—A. Yes.

Q. And you intended then to tell the Senate that you were in?—A. At what time did I intend to tell them I was in?

Q. In a speech you made you did tell them you were in?—A. I could have made my statement to the Senate by simply saying I was not in the Beauharnois scheme on the 18th April, 1928. I might have said that, and that would have been all that would be necessary to state; you might think—

Hon. Mr. CANNON: Complete your answer, senator.

The WITNESS: I simply went on, because of an attack that had been made in another place by a member there, to give some little explanation to the honourable members of the Senate in regard to the Beauharnois project. I went, perhaps, into some little detail as to the financial set-up, because I was blazoned all over the country as a man who had made thirty millions out of the Beauharnois Company, and other charges that were absolutely ridiculous, and I was trying then simply to assure honourable members of the Senate that the statement I had made in April, 1928, was absolutely correct, and nothing more.

By Mr. Smith:

Q. But on the 20th day of May, 1931, when you made this speech, it was then a notorious fact that you were interested in Beauharnois?—A. I would not call it notorious.

Q. I use the word in its proper sense; it was a well known fact that you were interested?—A. It was well known, but not notorious.

Q. That word is applied to people of ill-repute, but I might be notoriously a good preacher, and there would be nothing wrong with it; that is the sense in which I was using that word?—A. All right.

Q. Using it in that sense, it was well known to members of the Senate that you were then, when you made the statement, interested in Beauharnois?—A. Certainly, it was known to everybody.

Q. And therefore you came to explain to the Senate how you became interested?—A. I was not trying to explain anything on that.

Q. You said you had made a very thorough investigation; you told me you took legal advice, and you said when you satisfied yourself that it was a proper project for you as a member of this Senate, as a business man and a citizen of Canada to take a definite interest, you did so?—A. The only thing that interested the honourable members of the Senate was whether or not, as a senator, I had any right to take my position in the Beauharnois Company. They had no interest at all in what financial—

Q. I am through with that portion of your speech, and I have accepted your statement, and I am dealing with the statement that you did make and the speech in which you mentioned the 2nd of October; will you go that far with me?—A. No.

Q. How do you distinguish it?—A. Because in May I took a ten per cent interest in the second syndicate. I had pledged myself to take the whole of that commitment, \$160,000—it was only put into my name, and I had for the first time any connection with it officially—I will put it that way—through my representative, Mr. Ebbs, who took it over from Mr. Moyer on the 2nd of October. Then he gave me—what do you call it—a declaration of trust.

Q. There is no doubt whatever that you were the beneficial owner of the Moyer interests from the 18th day of May?—A. That is right, yes.

Q. You acquired them on the 18th day of May?—A. That is right.

Q. You then say that you acquired those interests on the 2nd of October; I think I am using a kindly word, surely it is incorrect?—A. I did not say I did acquire—

Hon. Mr. CANNON: He made no such a statement. I don't think that my learned friend will find it in that speech.

Mr. SMITH: I will read it again.

By Mr. Smith:

Q. You took an interest in Beauharnois?—A. Yes.

Q. And you were referring to the Moyer shares, were you not?—A. I was referring to both shares that I had taken and—

Q. You were at least referring to the Moyer interests?—A. Well, I had at least my interest in Beauharnois.

Q. What was acquired from Sifton?—A. Yes.

Q. Who had it in Moyer's name?—A. Yes.

Q. And from the 18th of May you had that interest?—A. Yes.

Q. Those were the interests you were referring to in 1931?—A. Yes.

Q. There is no question about that?—A. Not at all.

Q. Then you now say that it is not an incorrect statement you made at that time to say that you acquired those interests on the 2nd of October?—A. Well, is it not clear; the statement I made was not exactly clear, I admit that; I see that, all right.

Q. You have no further explanation?—A. I could not have any further explanation.

Q. Now I want to discuss, for only a moment or two, the meeting of the Senate Committee; by that I mean the Committee of which our present Chairman was Chairman at that time?—A. Yes.

Q. Look at page 917 of the blue book; I quote from the Order:

Ordered, that a Special Committee of the Senate be appointed to enquire into and report from time to time on the matter of the development and improvement of the St. Lawrence River for the purposes of navigation and production of electric current and power and matters incidental to such objects; and that the Committee be empowered to send for persons, papers and records, to examine witnesses under oath if deemed necessary, and to employ stenographers and other clerical help subject to approval of the Senate in regard to expenditures.

You see what I am reading?—A. I see.

Q. You observe what I have read?—A. Yes.

Hon. Mr. CANNON: If my learned friend will allow me, in order to complete the record could he not read into it the names of the Committee?

Mr. SMITH: Oh yes, certainly.

—and that the Committee be composed of the following Senators: The Honourable Messieurs Beaubien, Béique, Black, Buchanan, Casgrain, Copp, Farrell, Gillis, Graham, Hardy, L'Espérance, Lynch-Staunton, McLennan, McDougald, McMeans, Molloy, Murphy, Pope, Reid, Robertson, Ross (Moose Jaw), Sharpe, Smith, Tanner, and Willoughby.

By Mr. Smith:

Q. In pursuance of that Order this Committee held meetings?—A. Yes.

The CHAIRMAN: If my memory serves me right it sat from the 20th of April until I think the 7th of June, 1928, the date of the report.

By Mr. Smith:

Q. And you brought certain persons there to give evidence?—A. Yes.

Q. I believe they were two gentlemen connected with the Harbour Board in Montreal?—A. Yes, sir, Mr. Harvie and Mr. Ferguson.

Q. And Mr. Henry?—A. Yes.

Q. I want to know if you disclosed to the Committee at that time that you were interested in a development in the St. Lawrence River?—A. No, I did not.

Q. You have already been examined, I have no intention of going through it; I wonder if you have any further explanation to offer for your failure to do so than you gave it to the Commons Committee?—A. I think that was a sufficient explanation. It was of no interest to any member of the Senate whether I had an interest in waterpower development or not. We were there to discuss the adoption of the St. Lawrence waterway.

Q. You read the Order of Reference before your deliberations?—A. I don't believe I would have, because that Committee was appointed in the Senate following a debate in the Senate on the report of the National Advisory Committee on the St. Lawrence development, if you read that reference—if I am right, and I think I am right—there was no reference at all to the report when the Advisory Committee report was read.

Q. Have you read the reference?—A. I think I can make a definite statement that I did not read the reference at the time.

Q. Although you brought witnesses there?—A. Yes.

Q. During that period you prepared questions for those various witnesses?—A. That is correct.

Q. And among those persons you prepared questions for was Mr. Henry?—A. Mr. Harvie, of the Harbour, first.

Q. But among those persons was Mr. Henry?—A. Mr. Henry.

Q. And you prepared questions for Mr. Henry?—A. Yes.

Q. And you did discuss those questions with him after you submitted them to him?—A. Yes.

Q. And you knew what answers he was going to make?—A. No. I did not know what answers he was going to make.

Q. What did you learn from your interviews?—A. I could not tell you that, after this lapse of time, but I did not know the answers he was going to make.

Q. You could have discussed with him and thus learned his view?—A. I told him what the Committee wanted to know.

Q. Then you submitted the questions to him?—A. Yes.

Q. He saw the questions?—A. Yes.

Q. So he knew what you were going to ask him?—A. Yes; and the object of that was so that he would have time to collect the answers he was going to make.

Q. Having given him questions, you discussed them with him?—A. No, I did not discuss them with him at all.

Q. On page 919 of the blue book Mr. White was asking you questions, and your answers were these—I am reading from the tenth line, referring to the questions:

Q. Who prepared them?—A. I prepared them.

Q. You prepared them?—A. Yes.

Q. And you discussed them with Mr. Henry?—A. Yes, sir.

Q. Beforehand?—A. Quite.

Hon. Mr. CANNON: That is what the witness said. You asked him about the questions; now you have got the answers.

By Mr. Smith:

Q. Did you discuss those questions with him?—A. Yes, sir, I think, and for this reason, if I might explain; before Mr. Henry agreed to come before the

Committee he told me that he wanted to get the permission of Sir Henry Thornton, because he did not know whether any private opinions that he might have in connection with the waterway would conflict with Sir Henry Thornton's and the officials of the National Railway; therefore he would like to discuss with Sir Henry; and I personally asked Sir Henry if he would have any objection to Mr. Henry coming before that Committee.

Q. Do you mean to say that Mr. Henry, giving answers before the Senate Committee in a broad enquiry, was limited in his answers by his employers?—

A. No, but feeling in Montreal and in that section at the time was—

Q. Answer my question?

Hon. Mr. CANNON: My learned friend has been very fair, and he reads the answers to the questions, but I would like to read this one:

Q. You knew the answers he would make before you asked the question?—A. No, sir; I did not know the answers that he would make. That is what he said last year, and that is what he says now; so there is no contradiction. He did not know the answers; it is right there.

Mr. SMITH: He said so here; you do not need to go back a year ago.

Hon. Mr. CANNON: It is not debatable at all.

Mr. SMITH: You and I are not talking about the same thing.

By Mr. Smith:

Q. What discussion did you have in submitting those questions with Mr. Henry?—A. What Mr. Henry wanted to know was that he would not be asked any questions that might be in conflict with the policy of the National Railway.

Q. You have told me you submitted certain questions to him?—A. Yes.

Q. And that afterwards you discussed them with him?—A. He looked over the questions and said the questions were satisfactory to him and he could answer them.

Q. That is what occurred?—A. Yes.

Q. So when you told the Commons Committee, your meaning was, you discussed the questions and you asked him, and he said yes?—A. And what I told you before, that Mr. Henry said he did not want to come before the Committee until he found out whether it would conflict with the policy of the Canadian National.

Q. But he came, so it did not conflict?—A. Of course he came.

Q. You submitted the questions and asked him if he could answer them, and he said yes?—A. Yes.

Q. Now, page 928 deals with the last question submitted by you to Mr. Henry and answered by him, and to make the matter very short, you remember speaking to him about how expeditiously this general work of development should proceed, and you remember his answer was that it should proceed at once?—A. Yes, I remember that.

Q. And at that time both you and Mr. Henry were interested in a corporation or corporations having to do with power development in the Soulanges section of the river?—A. That had no bearing—

Q. Just answer me, please; you were interested, were you not, both?—A. I did not consider that the Sterling was a factor at that time at all.

Q. I think you really should answer me; it is a simple question; the Sterling Industrial Corporation was in existence.—A. The Sterling Corporation was in existence at that time.

Q. And you were interested in it?—A. Yes.

Q. And so was Henry?—A. Yes.

Q. And you were also interested in Beauharnois?—A. Yes.

Q. I leave now the Senate Committee; we know what happened, and we will leave it there; at the time the Order in Council P.C. 422 was passed Mr. Henry was Deputy Minister of Railways and Canals?—A. I think that is correct.

Q. Now I want to refer shortly, not in any detail, because you have heard evidence with respect to Mr. Geoffrion on the bill; I want to turn your attention to a letter on page 995 of the book which you have in front of you, which you will observe is dated the 25th day of May, 1928, and is a letter of Mr. Geoffrion's to you?—A. Yes.

Q. And you will observe that the purport of the letter is that there is no reason for a delay in the application of Beauharnois to the Governor General in Council; perhaps you will take time to read it?—A. I have it fairly in my mind.

Q. Why was that letter written to you?—A. You will have to ask Mr. Geoffrion on that; I cannot tell you.

Q. What did you tell Mr. Geoffrion in reply?—A. I don't think I discussed it with him; I don't even remember the letter.

Q. You see it now?—A. I see it now, yes.

Q. It was the Sterling Industrial Corporation on the 25th day of May, 1928?—A. Yes.

Q. From Mr. Geoffrion's statement did you suggest there was no occasion for delay to the Governor General in Council and the Beauharnois project?—A. Yes.

Q. And you have no further comment to make except that you don't remember answering?—A. I don't think I ever answered it.

Q. You don't remember discussing it with Mr. Geoffrion?—A. No.

Q. And you are unable to give me any reason why he wrote you that letter?—A. I think he wrote that letter so that the Committee could advise the Beauharnois Company, and I think if you read the letter in full you will find that was the object of it.

Q. There is not a word in there in respect to the structure of the Beauharnois Company; he is simply telling you that they have got through in Quebec and they are making an application to the Governor in Council in Ottawa?—A. They were asking his approval of their plans at Ottawa.

Q. Why should he write you in respect of it?—A. I could not tell you, I was getting communications from different people, and lots of people, at that time.

Q. Then you have no further explanation than that as to why he should write you?—A. I have not.

Q. In respect to his bill and Col. Thompson's bill, you have heard the evidence here?—A. Yes.

Q. You will observe quite a number of communications by those two gentlemen with you; you were in communication with those gentlemen?—A. They were in communication with me.

Q. What about?—A. I don't know a thing about it. I don't know at all what they were talking to me about.

Q. Both of those bills are to the Beauharnois Corporation?—A. That is my understanding.

Q. They are both very estimable gentlemen?—A. Very, both of them.

Q. I take it there is no suggestion from you that they are making charges to the Beauharnois Corporation when those interviews with you did not take place?—A. I would not say that at all.

Q. You would not suggest that for a moment some of them are important interviews, others are long interviews; you can give me no answer as to what they were except that you remember nothing about it?—A. I remember nothing about it.

Mr. SMITH: Now I am going to ask the witness with respect to a couple of vouchers; I am going to give them to counsel before I do that.

By Mr. Smith:

Q. Now I want you to follow me in a few figures; they are not very difficult, but you will probably check them; including Mr. Henry's interest you had 5,200 part interests in the second syndicate?—A. Yes.

Q. For which you received \$780,000— —150 times?—A. I think I received \$700,000— —put it that way if you like; I think it works out the same way.

Q. And of that, Mr. Henry of course was entitled to \$150,000?—A. Yes.

Q. With respect to the interests that resulted from Sterling?—A. Yes.

Q. And you paid him that too?—A. I paid him \$100,000, and still owe him \$50,000.

Q. If you take off Mr. Henry's \$150,000 it leaves you having received \$630,000?—A. Yes.

Q. Then as a member of the Advisory Committee you received \$5,000?—A. Yes.

Q. And in vouchers which are already in you received the sum, in round figures, of \$8,300?—A. I could not tell you off hand.

Hon. Mr. CANNON: That is correct.

By Mr. Smith:

Q. And I believe there was a cheque returned of \$800, but still using the round figures, which gives me a figure of about \$637,500 that you received one way or another from this Beauharnois Company—

Hon. Mr. CANNON: Did you say you were deducting an amount of \$800 something?

Mr. SMITH: Yes.

Hon. Mr. CANNON: What was that?

Mr. SMITH: It was an amount returned by Senator McDougald, about the last hearing, to the Beauharnois Company.

The WITNESS: I think that must have been that famous Bermuda trip.

Mr. SMITH: I am not going to bother about that.

The WITNESS: Perhaps I will bother about it later.

Hon. Mr. CANNON: Did you say you had something to say about it, Senator?

Mr. SMITH: He said he would have something to say about it later.

The WITNESS: If I may say it now. I did not know just how or when to bring up the famous Bermuda trip. I think out of fairness, first to Mr. King and myself, that I should give an explanation here which I have not had the opportunity of doing up to the present time, or before the House of Commons Committee. I may say that the first time I heard about the famous Bermuda voucher, as it is called was over a long distance telephone. I called up Senator Haydon from Montreal one night and in the course of the conversation he told me that he did not know that the Beauharnois Company had paid Mr. King's bill in Bermuda, and his own bill, until that day. I was very much surprised, because it was the first that I had heard about it myself. I could not understand how it happened, and I told him I would come to Ottawa that night to appear before the House of Commons Committee and clear it up, and give an absolute denial to it, because I knew it could not be right, and there was something wrong with it. I came to Ottawa, but I did not get before the Committee at that time. I had no further information about it. The records were out of the Beauharnois office, the original voucher, and when I did appear before the House of Commons Committee Mr. White, who was the Attorney—everybody

had told me that the Bill attached to this voucher was the Bermuda hotel bill of Mr. King, and everybody was so sure about it, and I was feeling very badly about it myself that I took for granted that I was being told the truth about it; and Mr. White simply held up the document in his hand, and he said, "Attached to this is Mr. King's"—words to that effect—"Mr. King's bill in Bermuda." Now, when the original vouchers came back to the Beauharnois office in Montreal, and when I had an opportunity to investigate and find out, I found that the Bermuda hotel bill which was attached to that voucher was a bill of my own personal expenses in the Hotel Bermudian which I have here in my hand. Not a dollar of Mr. King's expenses on it at all; it was the expense, the bill, of my own rooms. I had two rooms at the hotel. I went there on the 14th of April and left there on the 19th of April, two days before Mr. King left Bermuda. Now, I did state at the time before the House of Commons Committee that I personally had paid Mr. King's expenses in Bermuda. I paid them as a friend of Mr. King's, with no idea in my mind of charging them to the Beauharnois Company—no such thought at all. They were two bills, two separate bills for Mr. King's expenses on one sheet and my own on the other.

By the Chairman:

Q. Are these the original vouchers?—A. These are the original. There is not a dollar of Mr. King's expenses on the hotel bill in Bermuda. The balance of that amount was made up of my travelling expenses from Montreal to Bermuda and back. Mr. King did not travel with me; he went there I think from Halifax on one of the Canadian National boats and did not travel with me. The balance of the account was for hotel expenses in New York, all of which were my own personal accounts.

By Hon. Mr. Béique:

Q. To what exhibit are you referring?—A. Exhibit 118 in the proceedings of the special Committee of the House of Commons.

By Hon. Mr. Cannon:

Q. And you say that exhibit was not shown to you last year?—A. Mr. White simply held the bill in his hand and I took it for granted, because I had been told by everybody that Mr. King's personal bill was attached to that voucher that went to the Beauharnois office. And as I said before, I felt very badly about it myself and did not know exactly what had happened. If it was there I knew it would be by error on somebody's part in my office, because I never had instructed that that was to be done. I did not even instruct that my own bill should go into the Beauharnois office and I did not intend that it should be paid.

By Hon. Mr. Béique:

Q. How did it come to be paid?—A. I was in Europe at the time. I left Montreal early in June. I want it clearly understood that I was the Chairman of the Beauharnois Company, and the expenses that Mr. Smith is referring to were legitimate expenses paid for by the Board of Directors of the Beauharnois Company. They were paid to me as Chairman for expenses that they thought I was entitled to for services rendered. I had not put in any expense account from the 1st of January that year until the time I left in June. Mr. Henry, the manager of the Company, was in my office one day, and said to me that if I would make out an expense account for that period that a cheque would be sent to my office. I instructed my secretary to make out an expense account. There was a balance on an old trip in 1929, November 22nd, a balance of \$2,500, which included a trip to Europe and other incidental expenses, and nothing for the year 1930 at all, for that six months. And I instructed my secretary to make out an

expense account and send it in. I did not tell him what to put in or how to make it up. He went off on holidays immediately after I left for Europe, and the man who was in the office, Mr. Browning, is here to swear to the accuracy of what I say, if he is required. He was asked by someone in the Beauharnois office to send in this expense account, and it was mentioned to him that my Bermuda trip would be included. And he made up my own personal expenses to Bermuda, and not a dollar of Mr. King's in that whatever.

By Hon. Mr. Cannon:

Q. And you have refunded the amount?—A. I refunded the whole amount.

Q. Why?—A. Because I never intended at any time to charge even my own personal expenses on that trip to Bermuda.

By Mr. Smith:

Q. May I see the document, please?—A. I thought you had it.

Q. No, I have not got it. Now, I am showing you a cheque with voucher attached, which has just been given to me, a cheque by the Beauharnois Company. Would you mind looking at it?

Hon. Mr. CANNON: Are those the vouchers that I have seen?

Mr. SMITH: Yes.

Hon. Mr. CANNON: I do not object to that evidence, Mr. Chairman, but I would like to have a ruling, if you consider we should have it. I have examined the vouchers, through the courtesy of my learned friend which are now being examined by Senator McDougald, and I notice that these vouchers are dated January, 1932. Does this Committee intend to go into events which have taken place since the investigation of last year? If the Committee intends to do so, then probably I shall have to consider what evidence I should adduce before the Committee. If we have right now an expression of views from the members saying that we are restricted to the reference and nothing else, my task will be easier.

Mr. SMITH: I have been trying to find out all sums paid by the Beauharnois Company to Senator McDougald, and to that end I did get and checked the vouchers from this Company. I am anxious to arrive at the total amount which he has made or received from the development of this concern. I conceive that to be very important, because I had intended, after proving these two exhibits, to ask Senator McDougald the source of income of this Company. I say to you that in so far as my investigations have gone, the Company had only one source of income, namely from its securities sold to the Canadian public. Therefore I conceive that what I am doing now is of very great importance in arriving at the amount.

The CHAIRMAN: What are these vouchers?

Hon. Mr. CANNON: I do not want to be misunderstood by my learned friend or to delay the proceedings. I have no objection to this evidence itself. The payments were made properly, but the evidence opens up the question of whether my learned friends will be allowed to go beyond the scope of the investigation of last year. That is the important thing.

Mr. SMITH: If you are not objecting to examination about these vouchers, all right. I gave these vouchers to you and Mr. Cook, assuring you that they were the only two vouchers I intended to prove.

Hon. Mr. CANNON: Will my learned friend give me an assurance that as far as his investigation is concerned he is not going into facts which happened since the investigation of last year?

Mr. SMITH: I am putting these documents in merely for what they show on their faces.

Hon. Mr. CANNON: Now?

Mr. SMITH: Yes.

Hon. Mr. CANNON: Does my learned friend intend to bring any further evidence?

Mr. SMITH: I intend bringing in no further evidence with respect to these matters.

Hon. Mr. CANNON: With respect to these matters?

Mr. SMITH: Or any other matters subsequently.

Hon. Mr. CANNON: All right.

By Mr. Smith:

Q. Will you look at the cheque which I showed to you, Senator McDougald, and the voucher attached, and tell me what it is?—A. That is a cheque in payment of Mr. Starr, who was my counsel, as Chairman of the Beauharnois Company, before the House of Commons Committee last year, who rendered to the Beauharnois Power Corporation Limited his bill, which is attached.

Q. As appears on its face?—A. Yes.

Q. With respect to this cheque, that obviously is just a stenographer's carry-over, Senator McDougald, that date 1931, because you will observe—

Hon. Mr. CANNON: It should be 1932.

Mr. SMITH: We can agree on that.

(Cheque of the Beauharnois Light, Heat and Power Company, dated January 8, 1931, which it is agreed should be January 8, 1932, payable to the order of J. R. L. Starr, for \$7,500, paid January 15, 1932, through the Royal Bank of Canada, Montreal, endorsed by "J. R. L. Starr, Starr, Spence & Hall." Attached is bill to the Beauharnois Power Corporation Limited, in account with J. R. L. Starr, K.C., Starr, Spence & Hall, 1931, June 22 to July 20. "To professional services in connection with Beauharnois Investigation; counsel fees attending before the Investigating Committee; also engaged most evenings in consultation, advice and preparation, including statement in regard to the findings of the Committee and statement in regard to House of Commons Committee as to attendance of a Senator before it; fee in all, including disbursements of \$554.54—\$7,500. Toronto, July 31st, 1931." Below is written: "Received payment of above amount in full of a/c. January 12th, 1932. J. R. L. Starr, Starr, Spence & Hall." Attached also is copy of the Company's voucher, reading: "J. R. L. Starr, \$7,500. In settlement of your account dated July 31, 1931, addressed to Beauharnois Power Corporation Limited," filed, marked Exhibit No. 140).

By Mr. Smith:

Q. Would you look at a further document which I show you and which I have already submitted to your counsel (showing)?—A. Yes sir.

Q. That is a cheque which was received by you?—A. Yes.

Q. And it is a cheque of the Beauharnois Light, Heat and Power Company of the 12th of January, 1931—and in this there is the same error as to the year, I think we can safely say, Senator?—A. Yes.

Q. It is payable to Dr. W. L. McDougald, for \$477.15, a cheque of the Beauharnois Light, Heat and Power Company, and endorsed, apparently, for deposit—I do not know whether that is your signature or the signature of someone on your behalf, Senator McDougald.—A. That is my secretatry.

Q. A deposit, of course, to your credit?—A. Yes.

Q. And with that there is a voucher, "Beauharnois Light, Heat and Power Company, Dr. to Dr. W. L. McDougald, travelling and hotel expenses during parliamentary Investigation, \$477.15"?—A. Right.

(Cheque of Beauharnois Light, Heat and Power Company, dated January 12, 1931, which should be January 12, 1932, payable to Dr. W. L. McDougald, for \$477.15; with voucher "Beauharnois Light, Heat and Power Company, Dr. to Dr. W. L. McDougald, Travelling and hotel expenses during parliamentary Investigation, \$477.15," filed, marked Exhibit No. 141).

Q. By the way, Mr. Starr appeared before that Committee as your personal counsel?—A. As Chairman of the Beauharnois Company.

Q. If you look at the record, and I have read it carefully, there is not a suggestion that he appeared other than as your personal counsel?—A. I do not care how it appears, but he appeared there as my counsel, because it was decided by the Beauharnois Company that I should be represented by separate counsel, and they undertook, correctly so, to pay Mr. Starr's account.

Q. Is there a minute anywhere of the Beauharnois Company to that effect?—A. I could not tell you that, but I do know that it was approved by the management and by the Advisory Board and then passed by the Board of Directors.

Q. I know that the bill was passed, but was there a minute to that effect?—A. I could not tell you that.

Q. You will observe that at the opening of this inquiry Mr. Starr was asked whom he appeared for and he simply said he was appearing for you.—A. I made the arrangement with Mr. Starr.

Q. You observe that?—A. Yes.

Q. And when you spoke in the Senate you made the statement, you read his statement to the Senate, the statement which was read by Mr. Starr before the House of Commons Committee?—A. That is correct.

Q. And that statement was giving reasons why you, Senator McDougald, should not appear, but not as Chairman of the Beauharnois Light, Heat and Power Company but because you were Senator McDougald? That is true, is it not?

Hon. Mr. CANNON: He could not divide himself up.

Mr. SMITH: Could he not? I think you are making the division now, but you are just a jump ahead of me and I will get up to you in a moment.

By Mr. Smith:

Q. You made that statement to the Senate, quoting the statement made by Mr. Starr to the House of Commons Committee on your behalf, giving as a reason why you should not appear before the Committee, that you were a senator? That was not as Chairman of the Beauharnois Light, Heat and Power Company?—A. Well, he was acting in a dual capacity. Of course, I was there as Chairman of the Company.

Q. I will leave it at that. And of course the subsequent cheque was for your own expenses at that time?—A. Yes. Everybody else was paid their expenses.

Q. And taking the sums which I have given it makes a total of \$645,475. Taking away from that, in round figures, the \$200,000 you had invested in this project, it leaves you a personal profit of \$445,475. You will not dispute those figures?—A. No.

Q. And in addition to that 168,000 class A shares of the Beauharnois Power Corporation?—A. I think that is correct.

Q. So you have that, or had that, and without one dollar's investment—I do not mean that, I mean taking away the investment, that was your net position?—A. That would be correct.

Q. I want to get your view as to your position from this standpoint: You are a man who has occupied very responsible positions, President of the Montreal Harbour Board, member of the National Advisory Committee, member of the

Senate Committee, and a Senator of the Dominion of Canada. This money which you received came from no other source except through the sale to the public of the securities of the Beauharnois?—A. It came through the sale of the assets of the Beauharnois Syndicate.

Q. It came through the sale of securities issued by the Beauharnois Syndicate?—A. It came through the sale of the assets of the Beauharnois Syndicate to the Beauharnois Power Corporation.

Q. The Beauharnois Power Corporation had not and has not since received any money except from the sale of its securities to the public? It has not got to the profit making stage in its enterprise?—A. Not yet.

Q. So that although it came by the sale of the assets by the Syndicate to the Corporation, the moneys which paid off the Syndicate were the Corporation's moneys?—A. That is correct.

Q. And those moneys came from the people of this country by subscription?—A. I got the same as every other member of that Syndicate did.

Q. I know you did, but if you will follow me I will be through in a second. There is no doubt that the \$445,475 that you got as a profit came from the sale of the Beauharnois securities to the Canadian public? There is no doubt about that?—A. I would not say that exactly, because I am not sure that would be correct.

Q. From what other source did that Company get any money?—A. The Beauharnois Power Syndicate had assets, valuable assets. They sold them to the Beauharnois Power Corporation and they got—I do not know, I cannot give you the exact figure that they got, but they got a substantial sum for those assets, and out of the moneys that they got for those assets the members of that Syndicate received their money; and I got my share of it just the same as every other member.

Q. What I am coming at is that the money that the Corporation used to pay off the Syndicate came by way of subscription from the people of Canada?—A. I cannot say that, exactly.

Q. I think it is obvious.—A. And more than that, it was done on the advice of the most prominent lawyers in the country, and every member of the Syndicate got exactly what I did.

Q. I know they did.—A. So that I was in no different position from anybody else.

Q. I say this to you, that you as a Senator of Canada made a profit of \$445,475?

Hon. Mr. CANNON: Not as a senator.

By Mr. Smith:

Q. While you were a senator?—A. That is different. Do you mean to say that a senator cannot make any money?

Q. No, I do not.

Hon. Mr. CANNON: That would be too bad.

The WITNESS: I do not know whether the honourable gentlemen of this Committee will agree with Mr. Smith on that.

Mr. SMITH: I played bridge with two of them the other night, and they both made money.

By Mr. Smith:

Q. While you were a Senator of Canada you made, in its developmental stage, from one of the natural resources which you say might have belonged to the Dominion Government, that sum of money?—A. That Company out of which I made money turned over an asset to the Dominion Government of

\$16,000,000 at that time, a free canal, and since then the present Government have confiscated that canal—

Q. I am not going into that.—A. I am going into it, because that is what happened, so that they were taking nothing from the Dominion, and they were giving the Dominion a canal that cost \$16,000,000, free of all charges, for transportation. That is what the syndicate were proposing to do, so that they took nothing from this country, no rights from Ottawa whatever; they took no power or anything else that belonged to the Federal Government but they took it from the province of Quebec and from the province of Quebec only, they got all their rights from the province of Quebec. All that was done here by this Government was to approve of the plans, so that they got no assets whatever or no concessions from the Federal Government. And therefore as a senator I have nothing to apologize for to anybody.

Q. Then the Sterling was absolutely valueless and useless, if you are so sure that those rights belonged to the province of Quebec?—A. You ask Mr. Sweezy about that.

Q. I am asking you about it. That money and those shares were paid for something that was absolutely useless and valueless, if the province of Quebec owned all this power?—A. I would not say that at all.

Q. Well, come back to what I was at a moment ago. I say to you that you got \$445,475 in money and \$168,000 in shares from the development of a resource, let it belong to Quebec or let it belong to the Dominion, during the developmental stage of that project?—A. And took a chance on a political gamble, that is what I did.

Q. Took a chance on what?—A. A gamble.

Q. You used an adjective before the word "gamble"?—A. A political gamble.

Q. A political gamble, that is what you said?—A. Yes.

Hon. Mr. McMEANS: What is a political gamble, Mr. Smith?

Right Hon. Mr. GRAHAM: You are too old to ask that seriously.

By Hon. Mr. Cannon:

Q. I think Senator McMeans wanted to know what a political gamble was, Senator McDougald.

Hon. Mr. McMEANS: I was not asking the witness.

Hon. Mr. CANNON: Politics is a gamble, there is no doubt about that.

Hon. Mr. COPP: You are speaking from experience, I suppose, Mr. Cannon?

Hon. Mr. CANNON: Yes; we all know that.

Right Hon. Mr. GRAHAM: May I ask a question, Mr. Chairman?

The CHAIRMAN: Certainly.

By Right Hon. Mr. Graham:

Q. In Mr. Henry's evidence, if I remember correctly, and I think I do, he used the word "merger" in explaining the transfer of Sterling to Beauharnois. Would that more accurately describe the transaction than the word "sale"?—A. It would, sir. That is what happened, exactly; it was an exchange of shares only. Both ventures were a gamble up to that time. The Sterling had no assets, and the Beauharnois Company, while they had some money in their treasury, had no rights at all, and the Beauharnois rights only became valuable when they got their charter as amended by Quebec, and when they got their approval at Ottawa, then they had no value and did not have value until they were able to sell power to the Ontario Hydro Electric and to the Montreal Light, Heat and Power. And in that interval there were a great many things that had to be done that cost money, which no one here knows anything about

and which you cannot tell about, but it was only then that the shares in the Beauharnois Syndicate took value. They had their contracts with the Montreal Light, Heat and Power and the Ontario Hydro Electric, and everybody knows that they could not have had the money to pay all those amounts that Mr. Smith has been bringing out so clearly, unless they had those contracts, and on the contracts they did their financing. So up to that time the thing was a gamble. And everybody knows what the shares are worth to-day; they are selling at one dollar or less on the market, because of what I would call this political gamble, because of the situation the Company finds itself in now because of the investigation that took place in the House of Commons last year.

Right Hon. Mr. GRAHAM: May I ask another question, Mr. Chairman?

The CHAIRMAN: Yes, certainly.

By Right Hon. Mr. Graham:

Q. Senator McDougald, did you on account of being a senator, or for the reason that you were a senator, make a dollar that you would not have made if you had not been a senator?—A. No, sir, not one single dollar. I never used what they call political influence in any way, shape or form, and never advanced anything regarding my position to anybody here at Ottawa or anywhere else.

Hon. Mr. McMEANS: Are you trying to find out how a senator could make a dollar?

Hon. Mr. ROBERTSON: We are all interested.

Right Hon. Mr. GRAHAM: I will tell my colleague this, that if he traversed St. James street up and down he would find this is a very ordinary transaction.

The CHAIRMAN: I want to remind Senator McDougald that he should not talk too glibly about gambling, because the Senate won't let me buy a \$2.50 sweepstake ticket.

Right Hon. Mr. GRAHAM: They are protecting us, because we cannot afford it.

The CHAIRMAN: The Senate has adjourned until Tuesday evening. I had a conference with Mr. Robertson, who represents Senator Haydon here, and we practically came to an understanding that Senator Haydon would be ready for an examination on Tuesday afternoon. I suggest that if it is convenient to everyone the Committee adjourn now until Tuesday afternoon next at 2.30, with the expectation that we shall proceed to take Senator Haydon's evidence at his residence.

Hon. Mr. BÉIQUE: What other witnesses are to be examined?

The CHAIRMAN: I do not know if counsel have any more witnesses.

Mr. SMITH: Just Senator Haydon, as far as I am concerned.

Hon. Mr. DONNELLY: Have you any other witness, Mr. Cannon?

Hon. Mr. CANNON: I am not ready to make a definite statement now, sir, but I think the Committee can feel pretty safe that I will not offer any further evidence. I may have to change that, but I do not think it is probable.

The Committee adjourned until Tuesday, March 15, at 2.30 p.m.

MINUTES OF EVIDENCE

OTTAWA, TUESDAY, March 15, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at 2.30 o'clock in the afternoon.

Present: The Honourable Senators Tanner, Chairman; Chapais, Copp, Donnelly, Graham, Griesbach, McMeans and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, for the Committee.

The Honourable Lucien Cannon, P.C., K.C., Quebec City, Quebec; Mr. John W. Cook, K.C., Montreal, Quebec, and Mr. Hugh E. O'Donnell, Montreal, Quebec, for Hon. Senator W. L. McDougald.

Mr. R. S. Robertson, K.C., Toronto, Ontario, for Hon. Senator Andrew Haydon.

Mr. Thomas Vien, K.C., Montreal, Quebec, for Hon. Senator Donat Raymond.

The CHAIRMAN: I understand we are all ready to go down to Senator Haydon's home?

Mr. Cook: Mr. Chairman and gentlemen, I have discussed this matter with my friend Mr. Cannon, and so far as counsel representing Senator McDougald are concerned, we are most loathe to put any undue strain on Senator Haydon, and it occurred to me that perhaps it would be unnecessary for Mr. Cannon and me to attend before the Committee for his examination. My learned friends Mr. Mann and Mr. Smith have conducted the examination with great fairness, and I am quite sure they would not ask any questions that would unfairly prejudice our client. Consequently I suggest, Mr. Chairman, that Mr. Cannon and myself, as representing Senator McDougald, be excused from attending at Senator Haydon's examination. The evidence of Dr. Argue was given here and was of a very serious character. He said that any undue strain might affect Senator Haydon unfortunately, and we would like to minimize the chance of any such thing as far as possible, if it meets with the approval of the Committee.

The CHAIRMAN: Well, the Committee has no power to tell you to go or to stay. The matter is wholly within your own discretion.

Hon. Mr. McMEANS: But I think it would meet with our approval.

Hon. Mr. DONNELLY: Yes.

Hon. Mr. CHAPAIS: Of course.

Mr. MANN: Of course, Mr. Chairman, I appreciate the tremendous responsibility resting upon my own shoulders in the examination of Senator Haydon. I think what you say, sir, is correct, that my learned friend Mr. Cook will have to take the matter in his own hands, because I cannot see how we can say that our questions will be limited in any way. They may refer to his client, and I

venture to say that they will in some respects. Certainly I can assure him there will be no undue advantage taken, whether he is there or not. But I have to tell my learned friend Mr. Cook now that questions I have to ask Senator Haydon will relate to his client Senator McDougald.

Mr. Cook: I understand that with regard to the examination of Senator Haydon the questions were to be prepared by Mr. Robertson and Senator Haydon's answers were also to be prepared, and that Mr. Robertson was going to show the questions and answers to counsel. When I made my application it was merely with the desire of avoiding any possible undue and unnecessary excitement to Senator Haydon from the unnecessary presence of a number of counsel.

The CHAIRMAN: There is no member of the Committee who wants to do anything disadvantageous to Senator Haydon, but you can understand that the Committee cannot take any responsibility in the matter of your attending or not attending at the examination.

Mr. Cook: No, sir, but I feel that I would not like to be absent without explaining my reasons and Mr. Cannon's reasons. It is not out of any disrespect to the Committee that we desire not to attend.

If I may be permitted, I should like to mention one other point. When we adjourned on Thursday last I understood that my friends had finished their evidence. Indeed, I had clearly understood before, that that was the intention. But on Friday or Thursday last I was notified by Mr. Mann that it was intended to reopen the inquiry by examining certain other witnesses. I very respectfully suggest to this Committee that that procedure should not be followed, and that after Senator Haydon is examined, as Mr. Smith clearly said in his very last statement, the evidence against these gentlemen should be considered as concluded.

The CHAIRMAN: This Committee is not trying a case; there is no plaintiff and no defendant here. This Committee is appointed to consider certain matters and to hear whatever evidence is brought before it, and if a witness turns up to-morrow it is our duty to hear him, if he has evidence relative to the subject-matter. So far as I am concerned I shall not consider this inquiry closed until we are satisfied that all the evidence available is brought before us. I have no intention that you or the honourable gentleman you represent should be prejudiced in any way, because you will be allowed all the time you want. If you should desire to call another witness I am sure the Committee will give you all the time necessary. I am not going to refuse to hear any witness on any side until we find we have exhausted the matter.

Mr. MANN: Mr. Chairman, in fairness to Mr. Smith and the Committee, it will be remembered that at 4 o'clock last Thursday afternoon I was called to another conference in this building. So far as Mr. Smith was concerned, there was no question of closing anything but only that he had no other witness. We had not then had time to confer with regard to the evidence of that day, but as a result of that evidence we decided there were other witnesses we wished to call.

The CHAIRMAN: We are here to hear any witnesses that may be called.

Hon. Mr. McMEANS: The press seems to think we have not called enough witnesses.

The CHAIRMAN: Everything is now in readiness for us to go to Senator Haydon's.

Right Hon. Mr. GRAHAM: Mr. Chairman, did the Committee decide that all the members were to go down? I was not here all the time.

The CHAIRMAN: I thought that was the understanding, that we all would go. Mr. Robertson told me it would be quite convenient and satisfactory, that the place is large, and that there would be no objection whatever to the whole Committee going.

Mr. ROBERTSON: The room is large enough. But it occurred to me that it is not a very pleasant errand for anybody.

The CHAIRMAN: I think Senator Haydon will likely be glad to see all his colleagues who are on the Committee.

Hon. Mr. McMEANS: Of course, the evidence will be printed.

The CHAIRMAN: We must have five members there, at least.

Hon. Mr. ROBINSON: I thought that about three would be enough to go down there. I should rather be excused.

The CHAIRMAN: Three cannot function.

Hon. Mr. ROBINSON: There is no functioning to do.

The CHAIRMAN: I do not think the Committee should shirk any of its duties.

Hon. Mr. McMEANS: I think the Committee could deputize the Chairman to go alone.

Hon. Mr. COPP: I think there is something in the suggestion of Senator Robinson, and it is questionable whether it would be wise for us all to go. I think we could deputize three members, the Chairman, Senator Chapais and Senator Graham.

Right Hon. Mr. GRAHAM: So long as you do not deputize me.

Hon. Mr. COPP: Of course, any member who wants to go can go.

Hon. Mr. ROBINSON: I second Senator Copp's suggestion.

Right Hon. Mr. GRAHAM: No member of the Committee can vote because each is interested.

Hon. Mr. McMEANS: Is it your view, Mr. Chairman, that a majority of the Committee has to go?

The CHAIRMAN: There must be a quorum or there will be no Committee.

Right Hon. Mr. GRAHAM: It is irksome to me to go down there, but I will abide by your ruling.

The CHAIRMAN: Are you ready to go, Senator Copp?

Hon. Mr. COPP: Yes, but I would rather not go.

Hon. Mr. ROBINSON: Senator Graham suggests that if five of us are going we all might as well go.

The Committee adjourned to meet at the residence of Hon. Senator Haydon.

The Committee met at the residence of Senator Haydon, the Driveway, Ottawa, at 3.15 p.m.

The CHAIRMAN: Are you ready to start, Mr. Robertson?

Mr. ROBERTSON: Yes.

Hon. ANDREW HAYDON appeared as a witness, and, having been duly sworn, testified as follows:—

By Mr. Robertson:

Q. There are two matters mentioned in the report of the Commons Committee with which your name is specially connected, and with respect to which I desire to ask you some questions.

Q. In the first place, I refer to what is said in the Commons report respecting contributions to the campaign funds of the Liberal Party made through you?—A. My answer is that it is correct, as Mr. Sweezy has stated in his evidence before the Senate Committee, that he did make such contributions through me a short time before the election in July, 1930. I received no contributions from the Beauharnois Company, but only from Mr. Sweezy personally. I would suppose Mr. Sweezy would have been the proper person for the Committee to ask why he made the contributions. He told me nothing. He made no bargain with me or with anybody else that I ever heard of for any favours received or to be received. No promises were asked and none were made. There was not the slightest relation between his contributions and the passing of the Order in Council on the 8th of March, 1929, by Mr. King's Government. This whole matter of campaign funds is one on which the general public is liable to become very self-righteous. Everybody knows that elections cost money—and a lot of money—for perfectly legitimate expenses. The ordinary voter gives nothing. The practice referred to by Mr. Sweezy in his evidence of large contributions by wealthy men or corporations to political campaign funds was not invented either by Mr. Sweezy or by me. When I acted officially as the general party organizer, nine or ten years ago, I used to preach the doctrine at organization meetings that a man should give to his political party as he would to his church—but I never got any cheers. A man commits no crime by helping with money in an election, and he is quite within the law. The Election Act was amended two or three years ago in a way to help Mr. Gardiner's party, so that now the farmer's organization can make campaign contributions from their funds without being specially incorporated for such purposes, as was previously required.

I have only to add that I made no explanations or disclosures regarding campaign funds to Mr. King, or to any of his ministers or to anyone else. The money went directly into the general organization work of the Liberal Party as soon as it was received.

Q. The next question: Then I want to refer to a statement by Mr. Sweezy in his evidence before the Senate Committee to the effect that on some two or three occasions you were present and participated in a discussion between him and Senator McDougald regarding the purchase of the Sterling Industrial Corporation. What is your recollection?—A. I have no recollection of any such meeting, and I am confident that Mr. Sweezy is mistaken. I took no part in these negotiations. I desire to add that I had no interest whatever in the Sterling Industrial Corporation. It was incorporated in our office in 1924 as any other company might be, and my connection with it at any time was only as a lawyer. I was not president. Mr. Ebbs was president, and some of our staff were directors, but this was entirely nominal and in accordance with the common practice in company matters in any lawyer's office.

Q. The next question is: It is said that you or your firm accepted a contingent retainer—a retainer in which payment was contingent upon the passing of the Order in Council approving a certain application made by the Beauharnois Light, Heat and Power Company. What have you to say on this matter?—A. There was no contingent retainer. Neither I nor my firm was retained to perform any services in connection with the application of the Beauharnois Light, Heat and Power Company to the Governor General in Council. The Commons' Committee's report refers to the application as my firm's application. That is a gross misrepresentation for which there was not a word of support in the evidence before the Committee. It is well known, and the evidence shows, whose application it was, and that it was filed long before I or my firm had anything to do with Beauharnois. There was also ample evidence as to what solicitors were retained in connection with and to forward that application. Several of them gave evidence; some of them have given

evidence before the Senate Committee also. Not a single witness has ever connected me or my firm with that application or with the Order in Council, and for the very plain and simple reason that we had nothing to do with it.

As Mr. Sweezey has admitted before the present Senate Committee that he was mistaken in his recollection of his arrangements with my late partner, Mr. McGiverin, regarding the retainer, it is no longer necessary to go into that matter, except to say that neither from Mr. McGiverin nor from any other person did I ever hear of such a thing as the retainer being contingent upon the passing of the Order in Council, and it was not. As a matter of fact, the fee in question covered, among other matters, the incorporation of the Beauharnois Power Corporation, which was not incorporated until the autumn of 1929, and the fee was paid on October 19, 1929, when that work was completed. It is rather absurd to talk about the fee being payable on the passing of the Order in Council which was passed six months before our work was done.

I want to say further that any retainer my firm had was a retainer that any lawyer might accept whether he is a member of the Senate or Commons or not. It involved no breach of the Independence of Parliament Act, nor the performance of any service that could in any way conflict with my public duty as a Senator.

In respect of my personal position I desire to say: As a member of the Senate and of a firm that received law fees from the Beauharnois Power Corporation for services rendered, I have not either directly or indirectly contravened any section or clause of any Act of Parliament, and particularly any part of what is called the Independence of Parliament Act.

The Beauharnois Power Corporation, the work of incorporation of which was done by Mr. Ebbs of my firm, working with Messrs. Meredith, Holden, Heward and Holden, of Montreal, and Messrs. Blake, Lash, Anglin and Cassels, of Toronto, acting for the bankers and other interests, had no contract with the Crown and never could have, so far as I know. If it is illegal for a member of the Senate to be a member of a law firm which incorporates companies under the Dominion Companies Act, then every member of the Senate and every member of the House of Commons, who is a lawyer and does any business of any consequence at all, has contravened the law many times. Such an argument, of course, is no excuse if my conduct was wrong; but the explanation of what I and my firm have done will clearly show that I was not wrong, but that all the hateful publicity of last year constituted in my mind, so far as I am concerned, one of the greatest wrongs that could have been done to any man in public life in Canada. This is not a complaint. I am not the only example in history. It is only a comment upon the political zeal of some people who, to injure a political opponent, will stop at nothing.

By Mr. Mann:

Q. Perhaps you would like to rest a moment?—A. No, no, go on.

Q. The questions and answers which have just been spoken were the subject of a written document which you had before you, prepared prior to this examination?—A. Yes.

Q. You became a senator in 1924, Senator Haydon?—A. I think so, in the spring, in March or April 19—

Q. Of the year 1924. Did you know Senator McDougald before you became a senator?—A. Oh, yes.

Q. For how long?—A. Oh, I don't know—a number of years.

Q. What were your relationships with him? Business relationships?—A. My firm and myself had business relationships with him, yes.

Q. For a period of approximately how long prior to 1924?—A. Oh, I don't know—several years.

Q. Did those relationships in any way go to the discussion of power projects?—A. Yes.

Q. To what extent?—A. My firm incorporated the—

Q. I have not quite come to that. I am talking of prior to 1924?—A. I say prior to 1924—

Q. I beg your pardon?—A. As far as I can remember, we incorporated the Carillon Industrial Corporation, for example.

Q. What year would that be, approximately?—A. 1923, perhaps, or 1922—1923, perhaps.

Q. Was that Carillon Industrial Corporation one in which Senator McDougald was interested?—A. Yes.

Q. To what extent, as far as you personally know?—A. I didn't know whether he had others with him in it or not.

Q. As far as you know, he was the one interested?—A. He was one interested, anyway.

Q. And you incorporated that Company?—A. Yes.

Q. And rendered it a bill for the incorporation?—A. No, I don't think there was any.

Q. Were you interested in it personally?—A. No.

Q. On behalf of yourself or any person else?—A. Oh, no.

Q. In no way?—A. In no way whatever.

Q. So I take it that the only person you know was interested in it was Senator McDougald?—A. That is all I know.

Q. How far did the work in connection with the Carillon Industrial Company proceed?—A. It proceeded a very considerable distance. It was the subject of a debate in the House of Commons in 19—I don't know what—24, I think.

Q. But apart from the debate in the House of Commons, how far did its active work in respect of the prosecution of this enterprise go?—A. It was organized provisionally and stayed at that state.

Q. It did not go beyond the provisional organization?—A. It was organized provisionally, as far as I can remember, with the idea of acquiring rights at Carillon and disposing of them. As to that I don't—

Q. You don't remember that?—A. I didn't know about this business.

Q. Those rights you referred to that they acquired at Carillon, they were for the development of hydro-electric energy?—A. Yes. There was already a development there.

Q. This was a development anticipated under the corporate structure of this Carillon Industrial Company. Is that correct?—A. As far as I know, yes.

Q. And application lodged with the departments of the Government?—A. Yes.

Q. Which?—A. Well, with the Railway Department, for one, as far as I know. I don't know whether any other was interested or not.

Q. Do you remember any further than the Railway Department?—A. I don't, without reference to documents.

Mr. MANN: I don't suppose you have the documents here, Mr. Robertson?

Mr. ROBERTSON: Oh, no.

Hon. Mr. CANNON: I do not want to prolong the proceedings, but I want to have it noted that I do not see what this has to do with the subject of the investigation.

By Mr. Mann:

Q. In any event, applications were lodged with the appropriate departments, or some departments of the Government, on behalf of the Carillon In-

dustrial Corporation. Is that right?—A. There was an application, as far as I can remember, lodged with the Railway Department. I don't know of any others.

Q. Do you remember what the distribution of the stock or shares of the Carillon Industrial Corporation was?—A. No. I don't know whether it went far enough—whether it was in a position to have a division.

Q. Do you remember what proportion of the capital was paid up?—A. No, except it was paid sufficiently to satisfy the provisions of the Companies Act.

Q. By whom?—A. By Dr. McDougald, as he was then.

Q. It was his Company?—A. It was his Company as far as I know, but I didn't know who else were with him I told you.

Q. How long have you known—if you have known him—Mr. R. A. C. Henry?—A. Oh, about twelve or thirteen or fourteen years.

Q. That would go back of the incorporation of the Carillon Industrial Company?—A. Oh, yes. He was attached here to the Railway Department years ago, and formerly with the Mackenzie-Mann Company. I have known him I don't know how long.

Q. Did Mr. Henry have any interest in the Carillon Industrial Corporation?—A. I don't know.

Q. From an academic point of view, if not otherwise, as far as you know?—A. He had no relation of any kind, as far as I know.

Q. Following 1923, when you incorporated the Carillon Industrial Company on behalf of Dr. Wilfrid Laurier McDougald, did you have at his instance other professional—did you perform other professional services in respect of the corporation of other companies, or the examination of their charters?

Mr. ROBERTSON: I do not desire to interrupt anything, but do not let us get to the place where the solicitor must not reveal his client's business. You know the restrictions I mean. You cannot tell all about your client's business.

Mr. MANN: Is this raising a question of privilege?

Mr. ROBERTSON: I am not the client; I am not entitled to raise it. I am merely suggesting to you: I am not raising any objection.

Mr. MANN: Perhaps the senator will answer it.

The WITNESS: What is it?

By Mr. Mann:

Q. Following the incorporation of the Carillon Industrial Company in 1923, were you engaged by Senator McDougald to incorporate another, or other companies in respect of power development?—A. I think my firm incorporated the Industrial—whatever the name of it is.

Q. The Sterling Industrial Corporation?—A. Yes, the Sterling Industrial Corporation.

Q. Do you remember the details of that incorporation or the instructions received by your firm in respect of its incorporation?—A. No, except that—

Hon. Mr. CANNON: I object to that evidence. My learned friend knows that it should not be brought out. But I am not going to insist. This is no place to discuss it. My learned friend knows that he should not bring in that evidence, but if he wants to, let him go ahead.

Mr. MANN: I am not quite sure that I follow the mental attitude of my friend. I should like to know what he means—that I should not. I think it is fair of counsel to state what he means.

Hon. Mr. CANNON: I do not want any argument here.

Mr. MANN: I don't want any argument either, and I am not going to have any argument; but counsel usually formulates his objection on some basis. What is the basis?

Hon. Mr. CANNON: It is fundamental.

The CHAIRMAN: We did not interrupt the senator. The senator made a statement. There was a whole lot in it that had no relevancy to what we are here for, but we did not interrupt him. A lot of it was argument.

Hon. Mr. CANNON: For the moment I am satisfied to have my objections noted, and I will argue them somewhere else. There is plenty of opportunity for that.

By Mr. Mann:

Q. Then, Senator Haydon, would you please tell us from what and from whom—what instructions and from whom you received any, if you did, in respect of the incorporation of the Sterling Industrial Corporation?—A. I don't think I can remember exactly. I think Mr. Henry had some interviews about it at the beginning. You see, it is eight years ago or so, nearly. I am not carrying in my head everything that happened as to what the office did or didn't do.

Q. A company was incorporated, in any event, in your office?—A. Yes.

Q. Didn't you examine prior to that the charter of the Superior Sales Company, said to belong to Dr. McDougald?—A. I never saw it.

Q. You never saw it?—A. I never remember having seen such a thing in the office or anywhere else.

Q. In respect of the Sterling Industrial Corporation did Dr. McDougald give you any instruction?—A. In respect of what?

Q. In respect of the Sterling Industrial Corporation did he give you any instructions—I mean yourself personally?—A. I don't know that he gave me any personally.

Q. Did he give any to your office, of which you have a personal knowledge?—A. No. I think Mr. Henry said something about the need of having such a thing, and the general powers required. I don't think there was any discussion or consideration of what was to happen about it.

Q. I am referring to the time of the incorporation of the Sterling industrial Company?—A. I am afraid I cannot remember anything about that—the fact of what they said or didn't say.

Q. In respect of the Carillon Industrial Company the previous year, and the Sterling Industrial Corporation in 1924, it is fair to say that an account was rendered by your firm in respect of services rendered to procure these incorporations and their organization?—A. It is what?

Q. It is fair to say that your firm rendered accounts for professional services?—A. I don't think they did. I don't know. I had two partners. The senior partner, I am sorry, is not living to-day. I may tell you quite briefly, if you will let me.

Q. Yes?—A. I thought these things were all moonshine. We have forty of them in our office—people wanting to start things and try them out, and they never get anywhere. Any office of any consequence in the city of Ottawa is full of such things. You don't expect from day to day—it is all right to look back on the situation, but day to day as it happened at the time it is impossible to answer questions.

Q. Did you think at the time they were moonshine? The Sterling Industrial Corporation?—A. It seemed to me it was always a difficult thing to work out for anybody: it was always tangled with politics, and as Sir Joseph Flavelle said the other day, when you get politics into business, business does not get very far.

Q. You said you thought they were moonshine. Moonshine is something in the air. Is that what you mean?—A. I take back the expression and will make it clear by saying it never seemed—it seemed to me that they were the beginning of possible or impossible things, and that I never paid much attention personally

to what would come out at any time, or ever. I am speaking of the feeling and position at the time you are talking about.

Q. That applies to the two corporations to which we have been referring, the Carillon Industrial Company and the Sterling Industrial Corporation?—A. Yes. As I told you, there are forty more for other people in McGiverin and Haydon's office.

Q. We are just interested in these two?—A. Yes.

Q. Did you so express that to Senator McDougald, in the form of moonshine?—A. I don't know whether I did or not. If you came in and wanted something done I don't know that I would tell you it was silly, even if I thought so.

Q. You don't think your firm ever rendered a bill for these moonshine operations?—A. I don't know. I don't follow out the bill rendering, or didn't.

Mr. MANN: I am going to ask Mr. Robertson if he anticipated that we would discuss Sterling Industrial Corporation, and if he has any books of Senator Haydon's firm that will help us.

The WITNESS: They were all produced last year.

Mr. MANN: That may be true, but they are not produced at the moment.

Mr. ROBERTSON: No. I may tell you that I did not anticipate that you would be asking that, because, for one reason, I thought you had already examined Mr. Ebbs in regard to it.

Mr. MANN: But we didn't have any moonshine from Mr. Ebbs, and we have moonshine from Senator Haydon, and I would like to see these bills.

Mr. SMITH: Mr. Ebbs can probaly produce them for you later.

Mr. ROBERTSON: Do you mean the dockets?

Mr. MANN: Yes, exactly.

Mr. ROBERTSON: It was produced last year. You can see it any time.

Mr. MANN: That is not the difficulty. I am not able to ask Senator Haydon anything about it when I am looking at it.

Mr. ROBERTSON: I rather think there is, in fact, I am sure there is an exhibit, a copy of the account as it appeared in the books.

Mr. MANN: I cannot find any copy anywhere in the record.

Mr. ROBERTSON: There was one in the record just as it appeared in the books.

Mr. MANN: Are you referring to the copy of account, Exhibit No. 88? Surely that is not the account you are referring to.

Mr. ROBERTSON: I think it is.

Mr. MANN: You see, the difficulty with that account is that it starts in September, 1928. How can that be the account which we are discussing in 1923 and 1924?

Mr. ROBERTSON: That is the only account I have seen. If there is another one I don't know about it. I don't know whether there is on in 1924. I have never seen it.

Mr. MANN: Quite. That is the only account I have seen.

Mr. ROBERTSON: If the book is available, I don't know anything about it.

Mr. MANN: Then I may take it that it has not been anticipated that I would discuss the Sterling Industrial Corporation, and there are no books here.

Mr. ROBERTSON: There are no books here.

Mr. MANN: There are no accounts or items for services rendered in respect of the 1923 and 1924 incorporation—

Mr. ROBERTSON: There are no books here of any kind.

Mr. MANN: Will you make a statement that they will be produced by someone else, possibly, subject to the necessity that they will have to be discussed with Senator Haydon again.

The WITNESS: I will discuss anything. There isn't anything wrong with the books or the entries or anything else. You can take them home if you like; put them in your own records.

Mr. ROBERTSON: If there is any other book—and I have never seen it or been told about it—if there is another book which can be got it will be produced for your inspection.

Mr. MANN: I don't know what you mean by "another book." I mean a record of the account for services rendered by McGiverin, Haydon and Ebbs in respect of the incorporation of this company in 1923 and 1924. I don't know what you mean by "another book." I mean the book or docket—

Mr. ROBERTSON: I am not intending to split hairs. If there is any book still available with any such entries in it, it will be produced for your inspection. The reason I say "another book" is because I was shown one book with an account in it.

Mr. MANN: I have an account for disbursements that starts in September, 1928, which obviously has no relation to an account in 1923 or 1924.

Mr. ROBERTSON: That is the only one I have ever seen, I am telling you.

Mr. MANN: That is the only one I have ever seen.

The CHAIRMAN: What is this that you gentlemen are arguing about?

Mr. ROBERTSON: I haven't the faintest idea. I thought I was giving the broadest undertaking possible. If anybody can add to it, I will give that too. I want it to be distinctly understood that if there is any kind of book having relation to these accounts it will be produced. I don't know that there should be any more discussion about it.

Mr. MANN: I can't see any reason why there should.

The CHAIRMAN: What is it, exactly, that you want, Mr. Mann.

Mr. MANN: Just exactly what Mr. Robertson has now said he will give me.

The CHAIRMAN: Then you ought to get on in that case. Go ahead.

By Mr. Mann:

Q. Senator, am I to understand that in so far as the business transacted by the Sterling Industrial Corporation is concerned, you have no recollection of it?—A. I have none.

Q. May I ask you if you have any personal recollection of any transaction in respect of the Carillon development which was the subject of minutes of the Sterling Industrial Corporation?—A. What is that?

Q. Have you any recollection of any matter relating to the Carillon development which was the subject of minutes of the Sterling Industrial Corporation?—A. I haven't any. I didn't know there was any relation between them.

Q. I think you have told me that the Carillon Industrial Company had filed application with some appropriate department in respect of Carillon?—A. Yes.

Q. I find in the minutes, Exhibit No. 92— —A. Minutes of what?

Q. The minutes, Exhibit No. 92, of the Sterling Industrial Corporation, of the 27th of September, 1924—reference to the Carillon development in the following terms:—

The secretary stated that some consideration had been given to the filing of an application by the company for rights to develop water-power

ment through the Department of Railways and Canals and that Mr. J. B. McRae, Consulting Engineer, Ottawa, had made a preliminary investigation and estimate upon the project and that if this application were made and the rights granted Messrs. Harris-Forbes, of Boston, would undertake to finance the project. Messrs. Harris-Forbes' representative is Mr. W. E. McGregor, who is to-day represented by Mr. Berkowitz. Mr. Berkowitz stated that if the Sterling Industrial Corporation should acquire any rights at Carillon he would require some assurance that this Corporation would be ready to transfer them to Mr. McGregor.

Does that in any way refresh your memory?—A. No, I never heard it before.

Q. You never heard of it before, nor of McGregor or Harris-Forbes?—A. Oh, yes.

Q. In reference to the minutes that I am referring to as being from the books of the Sterling Industrial Company?—A. No. I was not following the work of the Sterling Industrial Corporation in any way whatever.

Q. Were you taking any instructions from anybody?—A. I was not.

Q. Was anybody in your office?—A. I don't know.

Q. To your knowledge?—A. Except Mr. Ebbs, so far as he did, if he did.

Q. Was the late Mr. McGiverin?—A. Mr. McGiverin may have been doing it, I don't know. He didn't tell me.

Q. Do you say you personally took no instructions from Senator McDougald in respect of the operations of the Carillon Industrial Company and the Sterling Industrial Corporation?—A. Nothing further that I remember, except in respect of the incorporation of the company.

Q. And that is all you know about it?—A. That is all I remember about it.

Q. Subsequent to that you say Mr. Ebbs may have?—A. He may have. May be Mr. McGiverin—

Q. Did you instruct Mr. Ebbs to take instructions from Senator McDougald?—A. I don't remember that I did so. It may be difficult for you to understand. I was away a great deal; I wasn't at my office half the time. If I had been at home I would not be here. However, I cannot help that.

Q. You are not able to say then how instructions were given?—A. No, I am not able to say.

Q. You took no part in instructing Mr. Ebbs to take instructions from Senator McDougald?—A. No. What you have read to-day I have listened to for the first time.

Q. Following 1924, after the incorporation of the Sterling Industrial Corporation, did you in any way follow the fortunes of that Corporation?—A. No.

Q. Did you have any interest whatever in its future from any point of view?—A. I never had any interest in its present or future under any circumstances.

Q. Did you have any knowledge of its possibilities?—A. No.

Q. Did you have any discussion with Senator McDougald, or any members of your firm, in respect of its possibilities for the development of water power?—A. I wasn't developing water power.

Q. I am asking you if you had any knowledge?—A. I did not.

Q. Or took any interest in its possibilities?—A. I had no knowledge; I didn't know what it was doing.

Q. Did you ever, later, know what it was doing?—A. No.

Q. Do you know between 1924 and the present date what it has done?—A. No, except what I read in the papers last summer of the investigation.

Q. Only what you have read in the papers?—A. As far as I can remember, yes.

with Senator McDougald the possibilities of the applications that had been put in to the appropriate departments of the Government by either the Carillon Industrial Corporation or the Sterling Industrial Corporation?—A. I don't remember.

Q. You say you don't remember having had any conversations?—A. That is what I say.

Q. Did you see Senator McDougald in your office in respect of these two companies or their possibilities in regard to the development of water power?—A. I don't know that I did.

Q. Is that all you can say, senator?—A. Yes.

Q. You don't know what you did?—A. That is what I can say.

Q. Just tell me what that means—you don't know that you did?—A. Well, I was not engaged with Senator McDougald in promoting anything. For example, to start with, I was not engaged in promoting power schemes on any river or anywhere else.

Q. I quite appreciate that?—A. I can't remember when a man comes in and talks about something four or five or six years ago.

Q. You are a professional man and a prominent lawyer?—A. All right, leave it at that.

Q. You are satisfied that I should leave it at that?—A. My statement.

Q. And you incorporated in your office these two companies?—A. Yes.

Q. And there had been applications made by these two companies for water power rights on the Ottawa River at Carillon?—A. Yes.

Q. And on the St. Lawrence, in the Soulanges section?—A. Yes.

Q. And you knew that?—A. Yes, I knew that.

Q. And you had seen Mr. Henry in connection with one of those corporations?—A. Yes.

Q. And you knew Mr. Henry was an engineer?—A. Yes.

Q. And that he had been connected with the Government, in the Department of Railways and Canals. Is that correct?—A. Yes, I knew he had been there.

Q. And you did know he had gone to the Canadian National Railways in 1923?—A. He went sometime, I don't know when.

Q. And now, what I am asking is: Did you advise Mr. Henry or Senator McDougald, or either of them, or discuss with Mr. Henry or Mr. McDougald, or either of them, the possibilities of advantage to be gained by either of those companies?—A. Never remember having—

Q. In the power field?—A. Never remember having anything to do with it.

Q. And were never asked?—A. Never remember having anything to do with it.

Q. Is that correct?—A. I never remember having any such.

Q. Then I may take it that in so far as any interest whatever in the projects of these two companies is concerned you have no knowledge at all?—A. Nothing more than I have told you.

Q. Did you, later on in 1928, have any interest or knowledge revived in the course of operations of the Sterling Industrial Corporation?—A. No.

Q. Did you know anything about the Beauharnois development in 1927 or 1928, let us say?—A. Oh, I had heard a lot about the possible Beauharnois development in late 1927, and part of 1928, perhaps.

Q. Late 1927 and part of 1928, perhaps. When you say you had heard a lot about it, do you mean you had read a lot, or had discussed it?—A. Oh, mostly from newspaper stuff, Mr. Sweezy's interest and the possible interest of the Great Lakes Transportation and Power Company about which I didn't know anything except what I saw in the papers.

Q. You mentioned Mr. Sweezy?—A. Yes. I saw that in the papers from time to time.

Q. You didn't have anything from Mr. Sweezy?—A. Oh, no.

Q. Did you see Mr. Sweezy at all?—A. I saw him occasionally. Mr. Sweezy and I were both on the Board of Trustees of Queen's University. I used to see him there two or three times a year. I never talked to him about any such thing.

Q. Never talked about power with Mr. Sweezy?—A. Never talked about power with Mr. Sweezy, no.

Q. He never talked power to you?—A. I don't remember that he did.

Q. Merely general conversation as co-trustees of the University?—A. Well, up there, there was never anything spoken of.

Q. Did you ever at any time from 1923 up to date discuss power with Mr. Sweezy or refer to the project of the Beauharnois Power Corporation, or any other power project—with Mr. Sweezy—in relation to the development of the Soulanges section of the St. Lawrence River?—A. I never discussed power projects with him, no. I had no reason to do so. I had no relationship with Mr. Sweezy.

Q. Did you ever discuss with Senator McDougald or with Senator Raymond the result of or the effect of the deliberations of the National Advisory Committee in respect of navigation and hydro electric energy?—A. With what?

Q. With respect?—A. With what concern?

Q. The National Advisory Committee, the Committee under the Privy Council Order 779, 1924, which brought in this report in January, 1928?—A. I certainly never discussed that Committee with Senator Raymond, and I do not remember discussing it with Senator McDougald. If, as I think he says somewhere, he asked me something about it—if he says I gave him an answer I abide by what he said, but I have no recollection. Why should I?

Q. We don't know why?—A. Neither do I.

Q. We are trying to find out if you did?—A. I had nothing to do with such things. That was a Commission, as I understand, under the Government. I had nothing to do with such things. They were not part of my business to look after.

Q. Then, am I to take it that you do not remember, or that you cannot say whether or not you did discuss?—A. My answer would be that I didn't, because I know of no reason in the world why I should.

Q. May I put it this way? So far as power developments on either of the rivers to which we have been referring are concerned, you did not discuss them with Senator McDougald, and had no interest whatsoever?—A. I had no interest, no.

Q. And didn't discuss them with Senator McDougald in any way?—A. My firm incorporated the two companies, the Carillon on the Ottawa and the Industrial on the St. Lawrence. Neither of these had the remotest connection with the enterprise.

Q. I am asking about after the incorporation?—A. He may have asked me questions from time to time. I may have answered them as best I could. I can't tell you now. How can I recall occasional conversations over a series of years?

The CHAIRMAN: Have you much more to ask?

Mr. MANN: Of course there is one branch that I have not touched at all. I am pretty nearly through with this.

The CHAIRMAN: The doctor thinks you had better not go beyond an hour.

Mr. MANN: I was going to suggest that we have a rest.

The CHAIRMAN: He said you could go on for about ten minutes.

Dr. ARGUE: Ten minutes or fifteen minutes is the outside—no matter how you feel, Senator Haydon.

By Mr. Mann:

Q. Then—A. Mr. Mann, you have asked me about my conversations with Mr. Sweezey.

Q. Yes, sir?—A. As far as I remember—as far as I remember my first conversation in respect of Beauharnois, of any consequence at all; was with Mr. Sweezey. There were some others present; I don't remember all who they were. I saw in the papers that he had been sued or was going to be sued by people from London which run publicly under the name of the Great Lakes Transportation and Power Company. He always seemed to me one who was ready to go into ventures quite freely, from the time I first saw him. I first saw him at Queen's College on these boards, and in respect of the discussion of investments and things I first became acquainted with him. I asked him on this occasion—it was sometime before 1929, or the beginning of 1929, perhaps—I asked him what good was Beauharnois. It didn't seem to me it was of any value, because he had no takers of power. I asked him if he had any contracts for power. He said no, he had not particularly. He talked about Americans who would come and settle along the river, and enterprise would begin. I said to him: "What is the good of them if you don't have something nailed down?"—I think I used the word that you have been asking me to repeat, "moonshine"—This will never get anywhere. It is not any good." "Oh," he said, "but then we have a contract in sight." I said, "where or how?" I had never heard of this before. He said with the Ontario Hydro Electric Commission. I said, "Why don't you get it signed and get something solid?" And his answer was, "Howard Ferguson won't let it be signed until he gets \$200,000." I said nothing more and heard nothing more about Beauharnois for a good time.

The CHAIRMAN: But you were all wrong about that, because it is a big undertaking.

The WITNESS: It is not very big to-day.

By Mr. Mann:

Q. Do you remember, senator, what prompted you to make that inquiry, and when that was?—A. I think it was sometime in late 1928 or the beginning of 1929.

Q. Don't you know, senator, that in late 1928 and the beginning of 1929 your firm was doing professional work for the Beauharnois Power Company.

The CHAIRMAN: Now, Mr. Mann, I understand it may take you a little while to finish. The doctor prefers, on behalf of Senator Haydon, that you should stop here, and if you have more to ask him, to come back another day.

Mr. MANN: I quite prefer that myself, sir.

The CHAIRMAN: That is the doctor's suggestion.

Mr. MANN: Absolutely. I prefer that. There is no suggestion whatever to disobey the doctor's orders.

The CHAIRMAN: We will go back to the Committee Room.

At 4.10 p.m. the Committee adjourned to Committee Room No. 262.

The Committee resumed at 4.30 p.m. at Committee Room No. 262.

The CHAIRMAN: I propose that we adjourn until to-morrow morning at 11 o'clock.

Hon. Mr. McMEANS: Are we going to have some witnesses to-morrow morning?

Mr. MANN: Yes, Mr. Chairman, there are three witnesses.

Hon. Mr. McMEANS: Are you ready to go on?

Mr. MANN: Yes, we are ready for 11 o'clock.

Mr. SMITH: I suppose it is a question whether the witnesses will be ready.

Mr. MANN: I understand the question was directed to us. We are ready. As to the witnesses, I understand that they will not be here, or some of them at least, until to-morrow.

Hon. Mr. CANNON: Who are they?

Mr. MANN: A representative of the Winfield Sifton estate—I think his name is Dunlop, if I am not mistaken; perhaps Clifford Sifton, Jr., and Mr. Banks, Senator McDougald's financial man. While Mr. Banks has not been summoned, on the letter from the Chairman of the Senate Committee to Senator McDougald it was requested that he be here and that the Senator be here also to bring certain papers, and perhaps if Mr. Banks is the one in charge of those papers he may have them. The other witness is Mr. Charles A. Barnard, K.C., Senator McDougald's solicitor.

The CHAIRMAN: You do not expect any of them to be very long?

Mr. MANN: I do not think so, Mr. Chairman. But our expectations go awry sometimes. I do not know whether they will be long or not; it depends upon themselves, I suppose.

Hon. Mr. McMEANS: Are we going to call Howard Ferguson?

Mr. MANN: If we are going to London to examine Mr. Ferguson, I suggest we examine Mr. F. P. Jones too.

The CHAIRMAN: I want to say this, that as far as I am concerned we have endeavoured to carry on this inquiry without any colour or suggestion or expression of political bias, and I hope that if we are to have any more evidence we shall not have any political speeches incorporated in that evidence.

The Committee adjourned until to-morrow morning at 11 o'clock.

MINUTES OF EVIDENCE

OTTAWA, Wednesday, March 16, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at eleven o'clock in the forenoon.

Present: The Honourable Senators Tanner, Chairman; Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, for the Committee.

The Hon. Lucien Cannon, P.C., K.C., Quebec City, Quebec, Mr. John W. Cook, K.C., Montreal, Quebec, and Mr. Hugh E. O'Donnell, Montreal, Quebec, for the Hon. Senator W. L. McDougald.

Mr. R. S. Robertson, K.C., Toronto, Ontario, for the Hon. Senator Andrew Haydon.

Mr. Thomas Vien, K.C., Montreal, Quebec, for the Hon. Senator Donat Raymond.

The CHAIRMAN: Have you anything to present, Mr. Mann?

Mr. MANN: Before proceeding to call the witnesses that have been summoned for to-day, Mr. R. O. Sweezey asked if I would ask the Committee to hear a statement that he desires to make under oath in respect of an answer given by Senator Haydon in his evidence yesterday. Mr. Sweezey has asked me to read it to the Committee and ask the Committee to permit him to make a statement under oath after the statement by Senator Haydon.

The CHAIRMAN: Mr. Robertson is not here.

Mr. COOK: Mr. Robertson asked me to say that he was engaged in a case for a few minutes, and would be here as soon as possible. Perhaps it would not inconvenience the Committee very much to allow the matter to stand until he comes. He will be here shortly.

The CHAIRMAN: What about these other witnesses?

Hon. Mr. BÉIQUE: Have you other witnesses to hear?

Mr. MANN: This matter will be very short, and perhaps by the time we get it started Mr. Robertson will be here.

Hon. Mr. CANNON: Is it a statement from Senator Haydon, or from Mr. Sweezey?

Mr. MANN: A statement made by Senator Haydon in his evidence.

Hon. Mr. CANNON: It seems to me it would be just as well to wait.

Mr. COOK: What right has Mr. Sweezey to made a statement? Is it under oath?

The CHAIRMAN: I do not think we had better discuss it until Mr. Robert-

Mr. CHARLES AUSTIN BARNARD, K.C., Montreal, appeared as a witness, and, having been duly sworn, testified as follows:—

By Mr. Mann:

Q. You are a lawyer, practicing your profession in Montreal?—A. Yes.

Q. And have been for a great many years?—A. More than I like to say.

Q. And a member of His Majesty's Counsel?—A. Yes.

Q. And have you acted in recent years or for some time as a solicitor to Senator McDougald, or in an advisory capacity to Senator McDougald?—A. Yes, also as a friend.

Q. And I take it, from that, that you have been a friend of Senator McDougald for some time?—A. About eighteen years, I think.

Q. Have you acted as his solicitor and legal adviser for any considerable period of time in respect of certain matters?—A. In respect of certain matters, yes, but I know that he had other counsel.

Q. Exactly; now, did you act for Senator McDougald during the years 1927, 1928, 1929 and 1930, let us say, in respect of any interest he may have had during part of that period of time in the Beauharnois Project?—A. Not in connection with the Beauharnois Project, I had nothing whatever to do.

Q. You had nothing whatever to do as to advising him in connection with Beauharnois Project?—A. No.

Q. May I ask you if, in the early part of the year 1928 you did not then advise Senator McDougald, or do some professional work at his instance, in connection with the Beauharnois Project?—A. In connection with the Beauharnois Syndicate shares, yes.

Q. I take it, you understand that to be the Beauharnois Project?—A. Yes; well, that is correct.

Q. When was that, in respect of the Beauharnois Syndicate shares, that you acted for Senator McDougald, as closely as possible?—A. Well, I would not like to state here. I remember the date, but I would not like to swear to the date from memory, because I could not give you anything definite, but I worked it out that it must have been some time in the third week of May, 1928.

Q. But you acted in your professional capacity, did you, or in your friendly capacity, which?—A. I acted as solicitor.

Q. And I take it that a solicitor keeps some books and some memoranda of services he renders?—A. Well, in usual cases I do, but Senator McDougald was a special friend, and my relation to him was that I did not keep any memoranda of what I did or when I saw him. When we would think that I was entitled to something, a cheque, he would give me a cheque for what he thought was done up to date, and that would finish it. I did not keep any details.

Q. Am I by that to understand that in your professional relationship with Senator McDougald you never made any charge in any docket or book for any professional services rendered, notwithstanding their magnitude?—A. Absolutely.

Q. That is correct?—A. Absolutely.

Q. The usual custom in respect to those matters, what I think others do, would be to keep a memorandum in the form of a docket as to the charges they make for services rendered?—A. Well, to be frank, I do not. I am alone in my office, and most of my clients, my relations with them are that when we think I ought to be paid something on account they give me a cheque. It is done in an amicable kind of way.

Q. You trust your clients to pay you?—A. I do, and I must say I have been lucky so far.

Q. I wish I had had the same experience; then you have no book whatever, or no memoranda, or no data referring to professional services rendered to

Senator McDougald in connection with Beauharnois, under your statement?—A. Neither in connection with Beauharnois or in connection with anything for eighteen years.

Q. You say for eighteen years?—A. Yes.

Q. But you have never rendered accounts for your services?—A. No, and have never suffered in any way.

Q. Then you say you acted in 1928; can you fix in your mind any professional services you rendered to Senator McDougald in 1928? I am only giving you the whole year now, to embody that entire period?—A. I would like to say, Mr. Chairman, that my relations with Senator McDougald in connection with this matter were as solicitor, and under our law in Quebec it is a privilege, and unless I am released from that privilege by Senator McDougald I do not feel that I have any right to give details of what I did or what advice I gave. If Senator McDougald will release me from that privilege I will be glad to do it.

The CHAIRMAN: Do you release him, Senator McDougald?

Hon. Senator McDUGALD: I have no hesitation whatever in releasing Mr. Barnard, and permitting him to give whatever evidence he may give in connection with any matter.

The WITNESS: What was the question?

By Mr. Mann:

Q. I will repeat the question; the question is in respect of what advice or professional services you rendered to Senator McDougald in the year 1928 having reference to the Beauharnois Power Project, its securities, the purchase of securities, or in relation to any interest that Senator McDougald may have acquired in that project—be it Syndicate or Corporation?—A. Well, approximately the third week in May I acted for Senator McDougald in connection with the purchase by him of the late Mr. Winfield Sifton's interest in the Beauharnois Syndicate which was carried in the name of Mr. Clare Moyer.

Q. Now you have approximated that to a particular week, the third week in May; just how have you approximated it so closely as the third week in May? You have no letters or memoranda?—A. Nothing in writing.

Q. I just want to know how you approximate it to the third week in May?—A. Well, Senator McDougald had his office in the same building.

Q. What building was that?—A. Dominion Express Building.

Q. On St. James Street?—A. On St. James Street. He had his office in the same building and on the same floor as I had my office, only he was on the opposite of the corridor. Now, he had told me sometime previously, in April, that he was going to move and go to the Royal Bank Building, and I had gathered that he would go the first of May. Well, I happened to be in there some time on the 15th May, around that.

Q. In where?—A. In his office.

Q. In the Royal Bank Building?—A. Oh no, in the Dominion Express Building, and I noticed that he had not moved yet, and as far as I could see there was no preparation made to move; so that I asked his man whether they had actually leased or not, and he said yes, that they had not moved yet, but they would move between then and the end of the month. Now, I know was in there again—oh, it must have been towards the end of May,—and at that time they were moving. It was between those two times that I had this matter of the Sifton securities dealt with.

Q. So that the question of the Sifton securities or any professional advice you gave, or services you rendered, was in the Dominion Express Building?—A. Exactly.

Q. Before Senator McDougald moved to the Royal Bank Building?—A. Exactly.

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Q. And you say it approximately must be May, because at that time he had not moved; is that the way you fix it?—A. I was surprised that he had not moved, and made enquiry, and was told that they were going to move about the end of the month.

Q. Then I take it that what prompted you to say the third week of May was that you were surprised they had not moved?—A. Yes, and the business was done, that I had, in the old Express Building.

Q. Will you say it approximated between the two dates?—A. Yes.

Q. Will you tell me what that transaction was, as closely as you can?—A. Well, the first thing I had to do with it was that I had a telephone message from Mr. Banks.

Q. Who was Mr. Banks?—A. He was Senator McDougald's financial man.

Q. What are his initials?—A. I think it is Howard N. Banks. He is here. He telephoned me to go into the office, that Senator McDougald had telephoned him with reference to a deal that he had made. I went into the office, and there I was introduced to Mr. Winfield Sifton.

Q. That would be somewhere in the third week of May?—A. Exactly.

Q. And you were introduced to Mr. Winfield B. Sifton; who was there?—A. He was there—Mr. Banks, Mr. Sifton and myself.

Q. And what was the conversation?—A. Mr. Sifton told me that he had arranged to sell his units in the Beauharnois Syndicate that were being carried in the name of Mr. Moyer.

Q. L. Clare Moyer?—A. Yes, and that he had arranged to sell these; he had arranged with Senator McDougald to sell these to Senator McDougald in consideration of \$46,000 to be paid in War Bonds.

Q. Had you known prior to that what the significance was of units in the Beauharnois Power Syndicate—what the significance of that expression was?—A. Well, I took it that it was a syndicate, and that was the designation they had given to the part interests in the syndicate. Some call them units.

Q. Some explanation must have been given to you then or at a previous time, as to what that syndicate was?—A. I did not know anything previously. The only thing was, Mr. Sifton said he had so many units in this syndicate. He did not tell me what the capital of the syndicate was, and he had arranged to sell these to Senator McDougald.

Q. But the purpose of getting you to that office was not simply to give you a story; it was to give you some instructions, was it not, in order that there might be a change of ownership in this Beauharnois Syndicate, was it not?—A. Mr. Banks told me that Senator McDougald had told him to get me in to see that this purchase of those units was put through in a manner that would be legal, and protect Senator McDougald.

Q. Banks told you that?—A. Yes.

Q. Would you just tell me what your next step was?—A. Well, I discussed the matter with Mr. Sifton.

Q. Did you go to your own office then with Mr. Sifton?—A. No, I first discussed it in the office with Mr. Banks for a short time, and then Mr. Sifton and I went into Senator McDougald's private office, and there we discussed it more fully.

Q. Just tell me what the discussion was?—A. I was going to tell you. Well, the net substance of the discussion was that Mr. Sifton was carrying 1,600 parts interests or units—we call them units.

Q. That expression is perfectly right.—A. And he had arranged to sell those to Senator McDougald for \$46,000, payable in bonds; and he made it clear to me—Oh, excuse me, I asked him how they were being carried, and he said in the name of Mr. Moyer, and then

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viously, in Mr. Banks' presence that they were carried in the name of Moyer, and I asked him whether he had any trust agreement from Moyer that he was carrying.

Q. This was all in the presence of Senator McDougald?—A. Oh, no.

Q. You have not mentioned his presence yet; I want you to get out of his presence?—A. I had not seen Senator McDougald that morning at all.

Q. I thought you said you had gone to his private office?—A. Yes.

Q. But he was not there?—A. No, he was down at the harbour, and Mr. Banks told me that Senator McDougald had telephoned him and said that he could not come up himself, and that he wanted Mr. Banks and myself to attend to the matter.

Q. Go ahead.—A. I asked Mr. Sifton if he had any trust acknowledgment from Mr. Moyer, as I would like to see it, to see what exactly the legal position was. He said he had not; that he had full confidence in Mr. Moyer; that he had known him for years, and he was a very reliable man, and he knew that as far as he was concerned it was all right.

Q. A gentleman's agreement, as it were?—A. Exactly. And then Mr. Sifton explained to me that his idea of carrying out the transaction with Senator McDougald was to get a receipt for the money, and a direction in that receipt to Mr. Moyer, advising him that Senator McDougald had taken his—Sifton's—place, and to carry on on behalf of Senator McDougald instead of him—Sifton.

Q. This is Sifton's suggestion as to the manner in which the transaction should be brought about?—A. Yes.

Q. This is all still in Senator McDougald's private office, with Senator McDougald not present, but with Mr. Banks present?—A. No, Mr. Banks was not present in the private office.

Q. Mr. Banks had not gone into the private office?—A. No.

Q. And there were only you and Sifton in that private office?—A. Yes.

Q. Go ahead; Sifton mentioned the method just related of putting the transaction into effect; is that it?—A. Exactly.

Q. By a receipt?—A. By a receipt and a direction to Moyer to carry them for Senator McDougald instead for him—Sifton.

Q. Then tell us what happened?—A. Well, I said, "why is it you have not carried them in your own name?" and he said that there were reasons why he had not wanted to appear in the matter, and that those reasons were still paramount.

Q. He didn't give them to you?—A. No, I didn't ask him. I imagine what they were.

Q. Never mind what you imagine; he did not tell you what they were?—A. He did not tell me. I did not need to be told of the matter. I put two and two together, and I gathered what the real reason was.

Q. What did you do then? The receipt had not been drawn by this time?—A. No. I told him that from the lawyer's point of view I thought there ought to be something more than the mere direction to Mr. Moyer that Senator McDougald had taken Mr. Sifton's place; that there was need of what we call a lien de droit between Moyer and McDougald, and that I thought to complete the transaction in an absolutely ship-shape fashion we ought to have something from Moyer recognizing and admitting that he was then going to carry them for Senator McDougald instead of Sifton. Well, Mr. Sifton said that Mr. Moyer was a very reliable man—as I have already said. He then told me also that Senator McDougald had stated that he, neither, also did not care to appear in the matter for the present; and we had some talk about it, and then I thought that it was my duty to get in touch with Senator McDougald, which I did on the phone.

Q. And nothing had been done in the form of a writing of any kind, or stenographic notes, or anything, by this time?—A. No, but Mr. Winfield Sifton had written out, in his own handwriting, the proposition that he thought would be satisfactory.

Q. But how did it appear to you that at this stage of the proceedings, while you were in Senator McDougald's private office with Mr. Sifton, that Sifton writes out, in his own handwriting, an agreement to transfer the rights which Moyer had owned, or appeared to, to Senator McDougald? How does that happen?—A. Well, we discussed the matter, and I asked him what his idea was of the mode of carrying it out, and then, as I told you, he explained it to me, and then he said, "I will write out—I will give you a receipt—or I will give Senator McDougald a receipt;" and I said, "well all right, let us call in the stenographer and you will dictate it." Well, he seemed to be reluctant to have even the stenographer know anything about it, and he said, "I will write it out."

Q. He did not want the stenographer to know about it?—A. Apparently not, because I offered to call in my own private stenographer.

Q. And Sifton would not agree to that?—A. No; he had a folder, and he had some paper in it, and he took some paper out and wrote this receipt as to how the transaction should be completed.

Q. It has been stated, and it appears to be a fact, that that receipt or that document no longer exists?—A. That is a fact.

Q. Do you know for a fact that it has been lost or been destroyed?—A. I personally destroyed it.

Q. When did you destroy it?—A. Well, we are jumping along—

Q. We are jumping one hurdle until we get to the other, but we will get back to the other?—A. It was early in October.

Q. Of the same year?—A. Of the same year, after Senator McDougald told me that he now had the shares transferred from Mr. Moyer to Mr. Ebbs as his nominee; and he had followed my advice then in getting an acknowledgement of trust from him, and that there was no longer any reason I should not carry out the promise to Mr. Sifton.

Q. Had you made the promise to Mr. Sifton to destroy that document?—A. I made a promise to Mr. Sifton that I would hold that document; I would use it if it became necessary, and if it did not become necessary I would return it to him when Senator McDougald's rights had been safeguarded and the transaction completed, and that if he was not here—he seemed to have an idea that he was not a very well man, and he said, "If anything happens to me and you cannot return it to me personally, tear it up," and I said, "All right, I will tear it up."

Q. Was this promise made on this occasion at the same time and the same place that it was written out, in the private office of Senator McDougald?—A. Yes.

Q. And before you had talked to Senator McDougald?—A. No, after I had talked to him.

Q. After you had talked on the telephone to Senator McDougald?—A. Yes.

Q. Did you then convey to Senator McDougald on the telephone the desire of Mr. Sifton that this receipt should be destroyed at some convenient date in the future?—A. I don't remember whether I told him that or not, but I told Mr. Banks when I came in.

You got the receipt, and you got this request from Sifton that it would be destroyed some day?—A. Exactly.

Q. And you had the impression that he was an ill man?—A. He struck me as a man slight, that he might not last long.

Q. Did that strike you from his conversation, or observation?—A. From his conversation. Well, he seemed to have doubts as to what the condition of his health was.

Q. And he so expressed them?—A. Exactly.

Q. And this request had been made to you that when everything was completed and the lien de droit had been concluded that the receipt would be destroyed?—A. Yes.

Q. Was it after that that you went in to Mr. Banks? You must remember that I was not there, and you were, and you must help me in the matter?—A. I will give you all the facts.

Hon. Mr. CANNON: If you allowed him to speak you would get the facts.

The WITNESS: After he had written out this receipt as being his suggestion of the mode of completing the matter I telephoned to Dr. McDougald and I explained what Mr. Sifton wished, and I mentioned to Senator McDougald that from the lawyer's point of view there was a link in the chain that, according to me, was missing, and I told him what Mr. Sifton's suggestions were, and we discussed the matter a little over the telephone—all this in Mr. Sifton's presence—and I told Senator McDougald that it was a matter really of business judgment, if he wanted to go on with the transaction. He asked me, "do you think I am safe?" and I said, "well, considering the standing of the people you are dealing with, and the fact"—oh, I should have mentioned that Mr. Sifton had said that he would tell Mr. Moyer that if he felt—that whenever it was required he would tell Mr. Moyer that he would take his instructions from Senator McDougald instead of from Mr. Sifton. Taking into consideration the standing of the people—I had known of Mr. Sifton, I had known his father, and I know who they were—.

Q. Had you known Mr. Moyer?—A. No, I didn't know Mr. Moyer. I only had what Mr. Sifton had told me about Mr. Moyer.

Q. Mr. Sifton gave Mr. Moyer a fairly clean bill of health?—A. He gave him a very high classification, if you want to put it that way.

Q. Just go on?—A. I thought the standing of the people, and their general position, and the fact that Mr. Sifton was a man of means, that should anything go wrong we would have a clear recourse against Mr. Sifton, because he acknowledged receipt of those moneys in payment of those interests, and if we did not get them I took it we would have a clear action against Sifton; and taking the fact that he had promised to give these instructions to Mr. Moyer, I thought that if we wanted to go on with the transaction, that from the business point of view he was fairly safe. As things turned out—

Q. He was fairly safe?—A. The outcome showed that he was fairly safe, and I think Dr. McDougald's evidence has shown that he did not lose anything by it.

Q. No, he did not lose anything by it; now Mr. Barnard, this was quite a substantial telephone conversation you had?—A. Yes.

Q. I assume that he said something to you in reply, that you made the answers to which you have referred, that considering the general situation, if he wanted to go on with it has was fairly safe?—A. Yes; he said, "well, if you think so, go ahead."

Q. Now, that is all before you got out of the private office?—A. Absolutely.

Q. When did you get out of the private office to Banks?—A. Well, there is one thing I should mention, Mr. Mann.

Q. Mention everything you can?—A. That is, that after this conversation over the phone with Dr. McDougald—which Mr. Sifton just heard, you see—he said, "well, I will tell you what I will do."—that was after I had telephoned with Dr. McDougald.

Q. Sifton said what?—A. "I will give you my signature in blank, outside of this receipt; I will give you my signature in blank on a piece of paper, so that if anything should come up that you think it is necessary to give notice to Mr. Moyer, or do anything else, you will have that additional protection," and he gave me his signature in blank.

Q. And is that signature now extant, or is it destroyed?—A. I am glad to say it is extant. I gave it to Mr. Banks when I took back the receipt signed by Mr. Sifton. I gave him this signature in blank, and I told Mr. Banks, "now, Mr. Banks, this receipt, I think, is your authority to hand over the bonds," and he said, "well, all right." Then I gave him the signature in blank, and he said, "well, I would like to show this thing to Senator McDougald as what you tell me is my authority for turning over those bonds, and I will give it back to you"—because I told Mr. Banks that I was under a promise to destroy the receipt as soon as Senator McDougald had got the delivery of his units.

Q. Can you tell us what was in the receipt, that document—as close as you can remember it? How was it captioned? How was it addressed, and just in substance what was in it?—A. I would not like to pretend that I can give you it verbally, but I can give you the general lines.

Q. That would be the substance of the receipt, wouldn't it?—A. Yes.

Q. That is exactly what I asked you for. I did not expect you to give it verbally?—A. Well, I apologize, then. I could not give you the verbal substance, but I can give you the general substance. The general substance was—"Received from Hon. W. L. McDougald \$46,000 par value in Dominion War Notes."

Q. Was it in series?—A. No, I think they were bearer bonds, and it was mentioned in the receipt, "bearer bonds."

Q. But the maturity year, the interest date, or the period of the bonds was not mentioned?—A. Oh no. When Mr. Sifton drew out that receipt we did not know anything about what the series of bonds would be. It was merely \$46,000 of Dominion War Bonds.

Q. It was Dominion Security in any event?—A. Yes.

Q. But there was nothing to identify what that security would be except it was an obligation of this Dominion?—A. That is it.

Q. Go ahead, then?—A. In payment of 1,600 units—I don't remember whether it was Beauharnois Syndicate or Beauharnois Power Syndicate.

Q. You know there were two syndicates?—A. Well, I did not grasp that at the time, but it was in payment of 1,600 interests or units in the Beauharnois Syndicate and of a substantial first payment on the second 1,600—the first call on the second 1,600—and it went on to say that it was; it went that directions were given to Mr. Moyer that Mr. Sifton had sold his interest in those units to Senator McDougald, and he was to act—carry on—the shares for Senator McDougald instead of Mr. Sifton. That was the general tenor of the receipt.

Q. That was the general tenor of it?—A. Yes.

Q. And signed by Sifton and handed to you?—A. Yes.

Q. And then you did what? There was no copy made, I take it?—A. No; one single document.

Q. Did you ever make a copy of that document?—A. No sir, I did not.

Q. Did you ever see a copy of it?—A. No sir, never.

Q. Then you took it in to Mr. Banks?—A. Took it in to Mr. Banks.

Q. And what did you do then?—A. I told Mr. Banks that this would be his authority for paying over the bonds, and I also gave him that blank signature, and I told him that I was under a promise to Mr. Sifton to hand him back that receipt as soon as Dr. McDougald got delivery of his securities and that if anything happened to Mr. Sifton before that event had been accomplished I was to destroy the receipt. Mr. Sifton had not said anything about destroying the signature in blank.

Q. Mr. Barnard, referring to that signature, were you to be at liberty to use that signature any time you liked?—A. Yes sir. The object was that there might be some—Mr. Sifton was giving me this as an extra precaution.

Hon. Mr. CANNON: Go ahead, give any explanation, Mr. Barnard.

The CHAIRMAN: Never mind interrupting the witness.

Hon. Mr. CANNON: I was not interrupting him.

The WITNESS: It was not to say that I was to fill anything in; I had to pass it on to Senator McDougald, to do anything he liked with it.

By the Chairman:

Q. You or Senator McDougald were to be at liberty to use it any time you liked?—A. Exactly.

By Mr. Mann:

Q. Having drawn this sheet of paper with the signature of Winfield B. Sifton on it, and the receipt you describe as nearly as your memory serves you, what was your next entrance into this transaction, if there was any?—

A. I was present when the bonds were delivered. I did not count them. Mr. Banks went out and got them somewhere and gave them to Mr. Sifton, and I saw them delivered, and I went back to my office.

Q. How long was that after the events which you have just been discussing?—A. The delivery of the bonds?

Q. Yes?—A. Oh, it was concurrently. He just went out into another room where there was a safe and got the bonds out and gave them to him.

Q. Now, my difficulty is that at the time you had that document from Mr. Sifton there was nothing to identify it in the form of bonds except they were to be bonds with Dominion security?—A. None.

Q. And then Mr. Banks said he would like to communicate with you?—A. No, he just went out where there was a safe somewhere, at any rate he got the bonds in 35 seconds or a couple of minutes, and he got the bonds, and they counted them together. I did not count them. He then delivered them to Mr. Sifton. I don't know whether I saw the actual delivery, but I walked out of the office into my private office.

Q. Then Mr. Banks went out of the office, he got some bonds and handed them over to Winfield Sifton?—A. You are asking me something—I am not sure that he even went out of the rooms, but we got the bonds there and then, and delivered them.

Q. But you were not able to examine the bonds to see what they were, and you did not count them?—A. I did not think it was any of my business. If Mr. Sifton was satisfied, that is all that I was concerned about.

Q. You do not know what those bonds were?—A. I know they were War Bonds.

Q. You know they were Government Scrip?—A. They were \$1,000 bonds, at least the one I saw was.

Q. You do not know how many there were because you did not count them?—A. I did not count them. I heard Mr. Sifton—he looked them over, and I think he must have counted them. I did not hear him count them, but he seemed satisfied there was \$46,000 of bonds there.

Q. Would you be kind enough to tell me, from the time that day that you first went in to see Mr. Banks, and from there with Mr. Sifton into Senator McDougald's private office and coming back to Mr. Banks with the receipt, and the counting and delivery of the bonds to Mr. Sifton, approximately what time elapsed?—A. Well, I should think that the whole thing did not take more than twenty minutes. It might have been another extra five minutes, more or less.

Q. So far as that particular transaction was concerned in that twenty minutes, had you any relationship further in connection with carrying out the transaction, coming to the time that Senator McDougald finally became vested with the Beauharnois Syndicate units—I mean apart from the consideration of the matter?—A. I discussed the matter a few days after with Senator McDougald, and he seemed satisfied.

Q. What did you discuss?—A. I said, “How do you feel about this transaction?” and he seemed satisfied, and I didn’t think any more about it until some time later, in September, and Dr. McDougald then told me that he was going to make some large payment; he expected to have to make some large payment in connection with the matter, and I suggested, owing to the fact that he was going to have somebody act for him, to take Mr. Moyer’s place, I suggested, “Well, if you are going to have some money, a large amount of money, get a trust of acknowledgment.”

Q. May I take it, Mr. Barnard, that you had not any misgivings as to the legal situation from the beginning?—A. Well, if it had been people that I did not trust, and did not know all about, I certainly would have felt that it was not, from the lawyers’ point of view, a satisfactory transaction.

Q. Of course you did not trust Mr. Moyer; you only had Mr. Sifton’s statement as to who he was and how he could be trusted?—A. I had that, and I had Mr. Sifton when he mentioned that he himself had no acknowledgment—that it would be very hard for Mr. Moyer to substantiate any claim that he had made those payments with his own money.

Q. I have a difficulty here; you have told me that you felt it was not any of your affair to count the bonds or to see what the bonds were; that part of it was not any of your business?—A. Exactly.

Q. You have also said that at a later date you thought it was your business to ask Senator McDougald how he felt about it?—A. No, I did not say I felt it was my business to do it. I met the senator in connection with other important matters, and I naturally referred to this one Sifton matter, and I don’t know whether he asked me how I felt about it or how it came about, but I again repeated the conversation I had had with him over the telephone, and I told him from the business point of view I thought he was not taking any chances.

Q. From the legal point of view did you think he was?—A. Well, I thought that if Mr. Moyer had—

Q. Did you not think he was taking a chance—as a lawyer, and an experienced lawyer?—A. You mean from the strictly legal point of view?

Q. From the strictly legal point of view, yes?—A. From the legal point of view, yes, I thought that the thing was not in shape; that if I had been brought in to defend it against somebody that was not particular, that I might have difficulty. I did think, and I told him, it was a transaction that I would have done myself.

Q. And it is a transaction that you would have done?—A. Yes, as a business proposition.

Q. Did you or did you not discuss with Mr. McDougald the difficulty that might have ensued had Winfield Sifton dropped dead the day after that transaction was concluded, or the day that transaction was concluded, rather than four weeks later?—A. I did not anticipate any trouble from Mr. Sifton. Mr. Sifton was a man of means, and what I felt was the doctor’s protection was, more, that should there be any trouble from Mr. Moyer we had a clear action against Mr. Sifton or his estate for that money.

Q. You realized, did you not, Mr. Barnard, that if Winfield Sifton had died that day instead of a few weeks later, and had not instructed Mr. Moyer to take his instructions from Senator McDougald, and that Mr. Moyer had been somebody other than Mr. Moyer turned out to be, that it would have been a difficult legal situation?—A. We had Mr. Sifton’s directions to Moyer to deal with Dr. McDougald as the owner of these units—in writing.

Q. But you had no instructions from Mr. Moyer?—A. Absolutely correct.

Q. You had only a statement from Mr. Winfield Sifton that Moyer was his representative?—A. Absolutely correct.

Q. You had no document from Moyer?—A. Except his own statement.

Q. And you had nothing from Moyer except the transfer from Sifton to McDougald—nothing whatever in writing?—A. Never had anything.

Q. Then I ask you again, if Mr. Sifton had died that day instead of three or four weeks later, whether you would not have considered then that the legal situation was very, very difficult, from the recourse that you have suggested Senator McDougald would have had upon the receipt?—A. Well, as I say, Mr. Sifton had said that he had known Moyer for years, and that if Moyer did not do what was his duty to do that Moyer could not have substantiated the payment by him of those moneys out of his own funds.

Q. Now I ask you again, did you not consider that there was a very serious legal difficulty in Dr. McDougald obtaining what Moyer had, had the matter not been carried out? Now, was there not a serious legal difficulty?—A. If Mr. Moyer had turned out to be a man of a different description than he was, there would have been a legal difficulty.

Q. Did you not appreciate, then, that there was a serious legal difficulty?—A. I always appreciated that there was a legal difficulty, but I thought the worst that would happen would be that Senator McDougald would get back his money from Sifton.

Q. Did you not convey your appreciation of that legal difficulty to Senator McDougald?—A. Yes, I told Senator McDougald that, according to me, there was a link missing in the chain, when he asked me, "What do you think about the whole thing? Am I safe?" I said, "I can only say, as a business proposition, that in view of the fact of the standing of the people we are dealing with, it is a transaction that I personally—I may be—how shall I say it?—optimistic in matters of this kind"—

Q. I suggest that perhaps you are optimistic?—A. I did think it was a transaction—and I told him conscientiously that it was one—that I personally would take a chance on. .

Q. You did realize that if Mr. Moyer had refused to acknowledge Mr. Sifton in any way in that transaction, that the only recourse Dr. McDougald would have had would have been to get the money back, represented by this bond transaction?—A. Well, I thought that Senator McDougald would have a very strong action against Moyer under all the circumstances, and particularly, I should say, under these circumstances it would be for Mr. Moyer to show that they actually were his property, and in order to show that they were his property he would have to say—we could find out from him and trace him as to where he got the money to pay for it.

Q. As to where Mr. Moyer got the money to pay?—A. Where he got his own money to pay.

Q. He, Moyer, to pay for the units which he had purchased and which he had subscribed for?—A. Exactly.

Q. But what I am asking you is this; if all you had was a statement from Sifton that Moyer was carrying this load for him—that is all you had?—A. Exactly.

Q. You had never seen Mr. Moyer?—A. No sir.

Q. Had Dr. McDougald, to your personal knowledge, seen Mr. Moyer?—A. Not to my personal knowledge, but Dr. McDougald did tell me that he believed in Mr. Moyer—later—not at that conversation.

Q. At that conversation did he tell you he knew Moyer?—A. I don't know whether he told me either then or later, but he did tell me that he was satisfied as regards Moyer.

Q. You have been very frank in your evidence, and I have no doubt you will admit this frankly, that you were troubled about that legal situation, and expressed your troubles to Dr. McDougald?

Hon. Mr. CANNON: He has said that already.

The WITNESS: I would not say I was troubled, but I would say that as a lawyer I did not think that the transaction, as regards Moyer, was in as good a shape as, if I had been dealing with somebody else that I did not know, I would have insisted on putting it.

By Mr. Mann:

Q. But you did not know Mr. Moyer?—A. No; Dr. McDougald and Mr. Sifton had told me about him.

Q. Dr. McDougald and Mr. Sifton satisfied you then that Moyer's position was all right; is that what you are saying?—A. Well, I gathered from the fact that Mr. Sifton thought it unnecessary himself to get any trust acknowledgment, that he must have had faith.

Q. But Mr. Sifton was getting \$46,000 of bonds?—A. But I am talking of the interval between the payment and the transaction with Mr. McDougald. There had been \$15,000 paid on account of it.

Q. But you did express your doubts to Dr. McDougald on at least one occasion in respect to the strict legal position, didn't you?—A. I can only repeat that I told Dr. McDougald over the phone that there was, in my humble opinion, a missing link.

Hon. Mr. McMEANS: We have had that all before, about six different times. I want to know what the witness told Dr. McDougald.

The WITNESS: It was the same thing.

By Mr. Mann:

Q. But Dr. McDougald reassured you that he was satisfied?—A. He was quite satisfied.

Q. And is it because he was quite satisfied during the period that elapsed from May until October that you did not procure an acknowledgement of the assignment from Moyer? Is that a fair statement?—A. Well, I did gather in September that the transaction of Senator McDougald taking over these Sifton interests had more or less leaked out, and that the insiders did know that it was Dr. McDougald now—the owner of the shares held in Moyer's name.

Q. Did it ever occur to you to write a letter to Moyer—did you have his initials and his address when Sifton spoke to you?—Did it ever occur to you to write a letter to him?—A. I was under promise not to mention the matter to anybody. All I knew about Mr. Moyer was that in that receipt he was described as Clare Moyer, barrister-at-law, Ottawa.

Q. And in any event, in the general discussions you had, and the general situation, you did nothing to procure an acknowledgment from Moyer that he was holding for Sifton?—A. I did nothing, because I was under an obligation not to mention the matter to anybody. It was passed on to Dr. McDougald, and he was to do what he wanted.

Q. And he instructed you to do nothing in regard to procuring an acknowledgment?—A. No, we didn't discuss that at all.

Q. He gave you no instructions to do anything?—A. No. He was satisfied.

Mr. MANN: That is all, thank you.

Hon. Mr. CANNON: That is all right, Mr. Barnard.

Mr. MANN: Now, Mr. Chairman, there are here, summoned by the Committee to appear before it to-day, the executor—one of the executors of the estate of the late Winfield B. Sifton, and the accountant of the estate and the

Sifton interests. You will appreciate that it would be somewhat of an advantage to look at the papers before putting one of those witnesses in the box, in order to shorten the evidence, because I have not had an opportunity of looking at them, and I would therefore ask if we could have an adjournment for at least an hour. I would like an hour to examine the papers and documents with the witnesses in order that we might shorten the evidence.

Hon. Mr. BÉIQUE: May I ask for my own information what is the object of this evidence?

Mr. MANN: It seems, Senator Béique, that the object of the evidence necessarily is to indicate the transactions of Sifton in respect to Beauharnois in so far as they may be revealed by his books, papers and correspondence.

Hon. Mr. BÉIQUE: What for? What have we to do with Sifton's business?

Mr. MANN: We have not anything to do with Sifton's business. We have this to do: we have Sifton put forth as the owner of the shares, and it is to determine, if it can be done, that Sifton was or was not a bona fide owner of the Beauharnois Corporation shares. That is the object of it.

Hon. Mr. DONNELLY: Mr. Chairman, before we consider the question of adjournment, I would like to briefly refer to the information that was given to us by Mr. Mann at the opening of this sitting. He told us that Mr. Sweezey was here and was prepared to deny, I believe, a statement made by Senator Haydon yesterday. Under a large heading in the morning Citizen I read this:

Senator Andrew Haydon yesterday declared that about the beginning of 1929 Robert O. Sweezey, former president of the Beauharnois Company, informed him he could not get a contract with the Ontario Hydro Electric Commission because G. Howard Ferguson, then Premier of Ontario, "wouldn't let it be signed until he got \$200,000."

Now, the Ontario Legislature is in session at the present time, and in the second column of the same paper I see a despatch from Toronto, as follows:

Reports were current in the lobbies of the Ontario Legislature to-night that there would be discussion in the assembly of the statement to-day by Senator Andrew Haydon that former president R. O. Sweezey of Beauharnois declared G. Howard Ferguson demanded during his premiership of Ontario \$200,000 for approval of a hydro contract for Beauharnois power.

In view of the publicity given to that matter, and the fact that it is referring to a former Prime Minister of the Province of Ontario, I, as a member of this Committee and a resident of Ontario, wish to urge that it is only fair to the High Commissioner that Mr. Sweezey be called now to give his statement. The objection has been made that Senator Haydon's solicitor, Mr. Robertson, is not here. Mr. Robertson was present at the examination of Senator Haydon yesterday; he heard that statement made. To me it appeared to be a considered statement which was made after a whispering conversation with his solicitor.

The CHAIRMAN: While he was under oath?

Hon. Mr. DONNELLY: While he was under oath. I am not a lawyer, but I do not think that in an ordinary court of law that would be permitted. This Committee has given special consideration to Senator Haydon. It may be suggested that this matter should not be brought in until he has completed his evidence. But the adjournment of his evidence was made at the request of his solicitor, and I think in all fairness to the High Commissioner that we should hear Mr. Sweezey's statement.

Hon. Mr. McMEANS: As to that particular point.

Hon. Mr. ROBINSON: Don't you think we should wait until the solicitor comes?

Hon. Mr. DONNELLY: If Senator Haydon's solicitor thinks his client has been prejudiced in any way, the Committee will meet again, and he will have an opportunity to deal with any statements made by Mr. Sweezey.

Hon. Mr. ROBINSON: Will Mr. Ferguson suffer from a few minutes delay?

Hon. Mr. DONNELLY: If we wait until after 1 o'clock this will come up in the legislature. I understand that Mr. Sweezey is willing to come forward and refute the statement, and I am anxious that he should do so.

Hon. Mr. CHAPAIS: Is he here?

Mr. MANN: Yes, he is here, and has requested that I ask the Committee to permit him to come and make a statement.

Hon. Mr. COPP: Senator Donnelly has referred with some degree of doubt as to the propriety of the statement made by Mr. Haydon because he whispered with his lawyer. If I remember correctly, Mr. Robertson referred to Mr. Mann before he spoke to Senator Haydon while he was under oath. I did not hear the conversation, but I know that Mr. Robertson turned and said something to Mr. Mann.

Mr. MANN: I can assure the honourable gentleman that Mr. Robertson said nothing whatever that relates to, flows from, or is coincident with anything he said in the whispered conversation with Senator Haydon. Mr. Robertson may have said something to me, but it was all apart from the statement that Senator Haydon made. I looked over and saw Senator Haydon motion Mr. Robertson to speak to him, and Mr. Robertson spoke to him, and I had not the faintest idea of what it was about.

Hon. Mr. COPP: I distinctly remember that Mr. Robertson turned around and said something to you. I don't know what it was all about.

Mr. MANN: It had nothing whatever to do with that.

Hon. Mr. CHAPAIS: Let us hear Mr. Sweezey.

Hon. Mr. COPP: Pardon me. Then I want to say another thing in regard to the matter, and the assumption that that would not be permitted in a court of law at all—a witness speaking to his solicitor while under oath. On the other hand, a great many things have taken place here that would not take place in a court of law.

Hon. Mr. ROBINSON: And one of the worst things would be to have this aired without the solicitor being here. That would not be allowed in a court of law.

Hon. Mr. DONNELLY: I do not think we should do what may be an injustice to the High Commissioner because the solicitor does not appear this morning. He was aware of the statement—he himself was there—and the publicity given to it in the papers. It was his business to be here.

Right Hon. Mr. GRAHAM: There was not such scrupulous care in rushing to Senator Haydon last year when he was grossly misrepresented in headlines not only in Ottawa but all over Canada. While I am strongly in favour of allowing Mr. Sweezey to make his statement—we would be doing wrong if we didn't—I do think we will do the Committee more harm, and Mr. Ferguson less good, by having the statement made when the solicitor of the man who made the statement is not present.

Hon. Mr. McMEANS: Where is Mr. Robertson? Has he sent any word to the Committee?

Hon. Mr. CANNON: I understand that he has a case which is now going on before the courts, and that he expected to be detained for a while this morning—the Treadgold case. Mr. Mann knows all about that case.

Mr. MANN: I didn't hear that.

Hon. Mr. CANNON: I say my learned friend knows perfectly well what case Mr. Robertson is busy with before the courts; that he could give the information.

Mr. MANN: I have not the faintest idea what court Mr. Robertson is in—

Hon. Mr. CANNON: I am sorry, then.

Mr. MANN: —or what part of the city he is in. I know nothing about his litigation.

Hon. Mr. CANNON: I am not interested in this at all. Senator McMeans was asking for information, and I volunteered the little I had.

Mr. MANN: About my knowledge.

Hon. Mr. BÉIQUE: Have you any other witnesses, Mr. Mann?

Mr. MANN: Yes.

Hon. Mr. BÉIQUE: Then you might proceed.

Mr. MANN: But, as I said, I wanted to examine the books in order, if possible, to shorten the evidence.

The CHAIRMAN: I want to say, if you are all through, Senator, that as far as I am concerned Mr. Robertson has sent no communication to me. I have nothing from him intimating when he will be here, or that he will ever be here again. The other day we adjourned the Committee for the convenience of Mr. Robertson. When we resumed he was not present, but he had someone here to represent him, and I should think it would be a very easy matter for him to have someone here to represent him again.

Now, with regard to Mr. Sweezey. My honourable friend Senator Copp has spoken about the whispering conversation. In view of the fact that Senator Haydon was ill in bed and in care of a physician, I made no interruption yesterday whatever of his statement of evidence, nor did I interrupt him when he proceeded to introduce what was really irrelevant matter. So far as relevancy goes, anyone who heard his statement, or read his statement, will observe that it is ninety per cent legal argument on facts and law instead of a statement of facts—arguments irrelevant about—general arguments about campaign funds generally, and conclusions, all under the sanctity of oath—a most remarkable statement to me, under the sanctity of an oath. I really could not understand why it was necessary for Senator Haydon, who is a lawyer, to undertake to swear to the law and the facts. However, I only mention that for this purpose: that, he having gone so far off from the relevancies of the question, and having assailed important men and introduced this foreign matter, so far as I am concerned I think it is only fair that Mr. Sweezey and the other persons mentioned with Mr. Sweezey should be permitted to make a statement, but only in regard to that matter. We are not going into a general investigation of the Hydro Electric of Ontario, but I am perfectly willing that Mr. Sweezey be allowed to make a statement meeting the statement of Senator Haydon. And if Mr. Robertson wants to examine him about that point later on, I would be very happy to accommodate him, if the Committee is satisfied.

Hon. Mr. ROBINSON: No.

Hon. Mr. DONNELLY: I will say I am—

Hon. Mr. ROBINSON: Most irregular.

Hon. Mr. COPP: I think no harm can come to anybody. I quite agree with the Chairman that Mr. Sweezey should be given every opportunity to make his

statement in regard to what Senator Haydon or any other witness has said, but I do not think we should at this stage be in such a terrible hurry that it be done in the next ten or fifteen minutes, or half an hour. Mr. Mann has asked for an adjournment to look over some papers, and we could very well adjourn and let Mr. Robertson know when we are going to meet so that he could be here.

Hon. Mr. DONNELLY: If we get some assurance that Mr. Sweezy can make his statement before 1 o'clock, I would be agreeable; otherwise I intend to move, seconded by Hon. Mr. Chapais, that Mr. Sweezy be permitted to make his statement now.

Hon. Mr. ROBINSON: Make it a party vote.

Hon. Mr. DONNELLY: It is not a party matter. I resent the suggestion.

Hon. Mr. ROBINSON: I repeat it.

Right Hon. Mr. GRAHAM: The motion is that he be permitted to make the statement now?

Hon. Mr. DONNELLY: If we have an assurance that he can make it before 1 o'clock, I am quite satisfied, in order to have Mr. Robertson here; but I think in fairness to all parties interested it should be—

Hon. Mr. COPP: I agree that Mr. Robertson be communicated with, and if he can be here at 1 o'clock—

Mr. SMITH: Courts usually adjourn at 12.30, sir. Does that help out?

Hon. Mr. DONNELLY: We can meet at a quarter to one.

Hon. Mr. ROBINSON: 2.30.

Hon. Mr. DONNELLY: A quarter to one, on the understanding that Mr. Robertson be here.

The CHAIRMAN: Is that satisfactory, gentlemen—a quarter to one?

The Committee adjourned, to meet at 12.45 p.m.

The Committee resumed at 12.45 p.m.

The CHAIRMAN: I understand the Committee now wants to hear the statement which Mr. Sweezy wishes to make.

Mr. ROBERTSON: Mr. Chairman, before Mr. Sweezy is called may I say that I have been told since I came here within the last few minutes that there was some criticism of some two things affecting myself. I am a hard-boiled lawyer who is not very much affected by what anybody says, and I am quite used to abuse, but I want to explain why I was not here this morning. I understood from what was said yesterday afternoon that the Committee was going on with certain witnesses, with whose evidence I was not concerned, and I did not come here because I am engaged at the Court House on a trial that has been going on for the last week.

The other matter to which I wish to refer is that I understand it has been stated there was a conversation between Senator Haydon and myself during the course of his cross examination yesterday. There was no conversation. What took place there was this, that Senator Haydon, as you all saw, leaned over in his bed and indicated he wanted to say something to me. I did not hear what he said and I said nothing to him. There was no conversation.

The CHAIRMAN: All right.

Hon. Mr. DONNELLY: As I perhaps am the member of the Committee who made the reference to that matter, I may say that I was sitting there and saw the movements. I heard the whispering and it had all the appearance of a whispered conversation to me. I accept your word, of course.

Mr. ROBERTSON: I quite understand. I thought at the time it was an embarrassing thing for the Senator to lean over that way, but I did not hear what he said.

Hon. Mr. DONNELLY: My point in raising the matter was not so much to find fault but to show that the conduct of the Committee had not been carried along court lines, because I quite realize that that would not be permitted in an ordinary court.

Mr. ROBERTSON: May I say that the statements made by Senator Haydon in answer to certain questions were of course something I knew all about, and I had given a copy of them in advance to Mr. Mann. But the questions on the cross examination and the answers that were made, and all the rest of it, were quite unknown to me and were not the subject of any previous conversation.

The CHAIRMAN: We will hear what Mr. Sweezy has to say.

Mr. ROBERT O. SWEEZEY was recalled as a witness.

THE CLERK OF THE COMMITTEE: Mr. Sweezy, you are still under oath.

The WITNESS: Mr. Chairman, I have before me the statement that Senator Haydon made yesterday.

The CHAIRMAN: You had better read the part that you want to speak about.

The WITNESS: Well, the part I want to speak about is—I will see if I can pick out the beginning—this is Senator Haydon referring to me:

He talked about Americans who would come and settle along the river, and enterprise would begin. I said to him: "What is the good of them if you don't have something nailed down?"—I think I used the word that you have been asking me to repeat, "moonshine"—This will never get anywhere. It is not any good." "Oh," he said, "but then we have a contract in sight." I said, "where or how?" I had never heard of this before. He said with the Ontario Hydro Electric Commission. I said, "Why don't you get it signed and get something solid?" And his answer was, "Howard Ferguson won't let it be signed until he gets \$200,000." I said nothing more and heard nothing more about Beauharnois for a good time.

Now, I simply wish, Mr. Chairman, to categorically deny any such conversation. I do not know that there is anything to be added. I never had any such conversation with Mr. Haydon.

By Hon. Mr. McMeans:

Q. What you mean to say is that you never made the statement to him that Mr. Ferguson would not let a contract be signed until he got \$200,000?—A. Absolutely not. There are two or three illogical points in that idea. In the first place, I had met Mr. Ferguson only once two years previous to that for about five minutes, and when I opened negotiations with the Hydro it was always through Mr. Gaby, the Chief Engineer, and through Mr. Magrath, the Chairman, and I never dealt with anybody else in all my dealings about contracts in Ontario, except with the Hydro Electric Power Commission of Ontario. The only other time I met Mr. Ferguson was in Quebec, after the contract had been entirely agreed upon between my company and the Ontario Hydro Electric Commission. That was in the presence of Mr. Taschereau, the Premier of Quebec, and Mr. Aimé Geoffrion, also Mr. Strachan Johnston, representing Ontario. And any discussion that we had then was entirely on affairs affecting the two provinces, with regard to the export of power from one province to another.

Q. As I understand it, what you are saying now is simply to deny a conversation alleged to have been held between yourself and Senator Haydon. Might I ask you if you ever at any time had any communication with Mr. Ferguson about \$200,000?—A. Absolutely not, a most absurd idea.

By the Chairman:

Q. Directly or indirectly?—A. Directly or indirectly.

By Mr. Robertson:

Q. Mr. Sweezy, this is a question, apparently, is it not, between your recollection or veracity and Senator Haydon's recollection or veracity? That is what it seems to be, isn't it?—A. It is not a case of recollection. I know that I never said any such thing, I know that. I do not care what you term that.

Q. You gave evidence last Tuesday, a week ago yesterday?—A. Yes.

Q. Contradicting a statement made on the previous Friday by Mr. Griffith?—A. Yes.

Q. On the Friday when Mr. Griffith made his statement you were in the witness box to contradict a statement previously made by yourself?—A. Yes, in regard to the name of an individual.

Q. Yes. Now you are in to contradict Senator Haydon?—A. Yes.

Q. Now, the matter of a contract with the Hydro Electric Power Commission was a matter of negotiation?—A. Obviously.

Q. And in connection with that negotiation was a man named Aird concerned?—A. He did not have anything to do with the negotiations.

Q. Did Mr. Aird receive a payment of money in connection with the negotiations?

Hon. Mr. McMEANS: If you will excuse—

The CHAIRMAN: We have nothing to do with Mr. Aird, nothing whatever.

Mr. ROBERTSON: If you will pardon me, I want to deal with the statement as made by Senator Haydon, not as made here to the witness and contradicted. Senator Haydon did not say that the statement was—

The CHAIRMAN: This Committee is not going into any inquiry about Mr. Aird. You can take that as decided.

Mr. ROBERTSON: I want to cross examine this witness as to the situation at the time of the negotiations. There is no statement made by Senator Haydon that Mr. Sweezy said he had made any promise to Mr. Ferguson or that Mr. Ferguson asked him for anything or that he had any dealings with Mr. Ferguson, but a statement that Mr. Ferguson would not allow a contract to be signed by somebody else until a certain payment was made. That does not imply a conversation with Mr. Ferguson.

By Mr. Robertson:

Q. That is what I want to ask you about, if you did not have with Aird negotiations, conversations, connected with the Hydro Electric contract that led to the payment of a sum of money. Isn't that so?—A. Not until a long time after.

Q. But it is so. The money was paid in December, 1929, or the bonds. That is so, is it not?—A. I do not know whether I am permitted to answer in regard to the Aird matter or not, but it is a matter of record.

Q. Don't be alarmed in talking about it. That is so, is it not?—A. A payment was made to Mr. Aird. That is common knowledge, yes.

Q. Common knowledge?—A. Well, it has been published, broadcast.

Q. It has been stated. My point is that that was in connection with the Hydro Electric matter.—A. I don't attach direct connection of the Hydro Electric matter with that. The contract was signed and completed and over.

Q. Did you have any conversation with Aird in regard to that payment that related to the Hydro Electric contract?—A. Yes.

Mr. SMITH: Do you mean before or after it was signed?

Mr. ROBERTSON: Before it was signed.

By the Chairman:

Q. I understand you to say, Mr. Sweezy, that any talk with Aird was after the—A. No. He introduced the subject to me, but I dismissed him and would have nothing to do with it until after the contract was signed and I was a way out of the difficulty.

By Mr. Robertson:

Q. You say you had no talk with Aird?—A. He introduced the subject to me of a contribution, which I refused to discuss with him because my financial condition was not such that I could discuss it at the time, nor would I discuss it until I was all through the contract with the Hydro.

Hon. Mr. McMEANS: Mr. Robertson, I do not desire to interrupt you, but are you undertaking to establish any connection between Mr. Aird and Mr. Ferguson? The statement was that Mr. Ferguson would not allow a contract to be signed. That has been contradicted. Can you see any connection between Mr. Aird and Mr. Ferguson? If not, I think it is outside the purpose of this inquiry altogether.

Mr. ROBERTSON: My purpose now, as will be shown in my next question, is by reference to Mr. Sweezy's prior testimony to ask him if he did not understand the payment to Aird was made for the Conservative party in Ontario, of which Mr. Ferguson was leader. That is the connection, a very obvious one.

The CHAIRMAN: Suppose he did understand that. What has that to do with this inquiry?

Mr. ROBERTSON: It has got everything to do with this.

Hon. Mr. ROBINSON: Why are there so many obstructions of the cross-examination?

By Mr. Robertson:

Q. Is it not a fact, and did you not say so in your evidence before the Commons inquiry last year, that you understood the contribution made to Aird was intended for the purposes of the Conservative party in Ontario, of which Howard Ferguson was then the leader?—A. Yes.

Q. When did your negotiations in connection with the Hydro Electric contract begin? When did you first open negotiations?—A. I do not recall definitely. It must have been early in 1929.

Q. How early in 1929?—A. I do not recall. The records might show you that.

Q. It might have been as early as January?—A. I do not think we had any draft contract written out until early in the spring.

Q. I am not talking about draft contracts but I am talking about negotiations. You began negotiations perhaps as early as January?—A. Yes, but I am not very positive.

Q. And they continued for some time?—A. Yes, they took some months.

Q. You were anxious to get the contract signed?—A. Naturally.

Q. And were met with difficulties?—A. No, not met with difficulties they were simply technical problems to be settled. It was a very large contract and an important one.

Q. Now, I want to put this to you and you can answer it any way you like. Did the contribution that was made through Aird and that you understood had to do with the Conservative party in Ontario, of which Howard Ferguson was then

the leader, did that have any connection in your mind with the Hydro Electric contract?—A. None whatever. The Hydro Electric contract was made with the Hydro Electric Power Commission and had no connection whatever with campaign funds.

Q. You of course have no memoranda to refer to in any of these matters?—A. I do not know what you mean.

Q. Have you looked at any memorandum since you heard of Senator Haydon's statement yesterday?—A. No.

Q. How many minutes after you heard the statement had been made by him did you say that you were going to deny it?—A. I denied it immediately, because I knew I never had any such conversation.

Q. It was not a matter of reflection?—A. I did not need to reflect.

Q. About your previous denial, did you speak to anybody yesterday before you offered your evidence to this Committee, anybody representing the Government, any member of the Government?—A. No. The newspaper men came to speak to me and I spoke to them.

Q. Did you speak to anybody before you spoke to the newspaper men?—A. Not that I remember. There might have been some members of the Government—

Q. Yesterday is not very far back?—A. No. I mean I spoke to a good many people who came and asked me about it.

Q. I want to get the first one; were they all newspaper men?—A. Yes.

Q. Are you swearing to that?—A. I do.

Q. That you spoke to no one about it at all, but you talked to newspaper men?—A. It was the newspaper men that told me about it.

Q. With reference to the occasion when you came back last week, Mr. Griffith had made the statement regarding \$10,000 paid to General McCuaig from the company, a week ago last Friday?—A. He made it some time.

Q. Take my word for it, a week ago last Friday, and on the next Saturday the Beauharnois Company was unable to find the money to pay wages for its men?—A. What has that got to do with it?

Q. That is so, is it not?—A. I don't know.

Q. You say you don't know that is so?—A. I don't know; I am not president of the company to-day.

Q. Do you say you don't know that a week ago last Saturday the Beauharnois Company had not the money to pay its men their wages?—A. I don't know whether it was Saturday or Monday; I know one day we had some difficulty in negotiating our matters at the bank.

Q. And just at that period?—A. We have been like that for the last six months.

Q. On any other occasion?—A. Yes, for the last six months every time we had to pay wages we had to go to the bank and negotiate for the money.

Q. My question is a simple one—

The CHAIRMAN: Mr. Robertson, excuse me a moment; what is all this about?

Mr. ROBERTSON: It is about the reliability of Mr. Sweezey.

The CHAIRMAN: Where do you propose to take it?

Mr. ROBERTSON: This is quite within the realm of what you have been investigating here. It has to do with the matter.

The CHAIRMAN: We are not here to sit and hear an argument between you and Mr. Sweezey.

Mr. ROBERTSON: It is not an argument; it is a question to which I am not getting an answer.

By Mr. Robertson:

Q. Was there any occasion prior to the week before last when the Beauharnois Company had to pass payment of its wages?

Mr. MANN: That is not what you asked at all. You asked him, is there any other time that they had difficulty, and he said yes.

Mr. ROBERTSON: I did not say that.

Hon. Mr. McMEANS: What does it all turn on? Is there any dispute about these things? I think we all know that the Beauharnois could not pay their wages.

Mr. ROBERTSON: I would like to know why I am not entitled to ask ordinary questions. We have a question of credibility, and it is on that I am asking questions.

The CHAIRMAN: Why did you not ask him those questions before when he was on the stand?

Mr. ROBERTSON: Suppose I choose to ask him anything on the question of credibility, that question is more in issue now than it was before.

By Mr. Robertson:

Q. Is it not the fact that this was the first occasion when the Beauharnois Company was not able to pay and did not pay its wages when they were due?—A. I don't know whether it was or not, because I have not been president of the Beauharnois Company now for two or three months. I do know that every pay-day we had difficulty, and had to go to the banks to negotiate.

Q. But on that Saturday you did not pay wages?—A. I don't know. I know one time there was a delay of two days, I don't know whether it was that Saturday or not.

Q. On the Tuesday when you gave evidence contradicting Mr. Griffith the wages were paid?—A. I don't know whether it was paid on Monday or Tuesday or Wednesday.

Q. You knew there was difficulty that week-end?—A. No, I didn't. I was here in Ottawa, and I did not know what was passing. I know, as I told you, three times we had difficulty about money.

The CHAIRMAN: Do you want to ask him any questions?

Mr. MANN: No; it is a voluntary statement.

By the Chairman:

Q. You referred, Mr. Swezey, to Mr. Magrath; is that Mr. Charles A. Magrath?—A. Yes.

Q. He was president?—A. He was chairman of the Hydro-Electric Power Commission.

The CHAIRMAN: Now we will adjourn.

Hon. Mr. CANNON: Before we adjourn I would like to say a word. My learned friends instructed the clerk that a letter be sent to my client, Senator McDougald, asking him to bring certain papers, and if necessary his financial adviser, Mr. Banks. In order that there may be no misunderstanding, as there was last year, I may state right now, for my learned friends' benefit, that Mr. Banks is here, willing to give evidence at any time.

Mr. MANN: We express our gratitude.

Hon. Mr. CANNON: Last year there was some misunderstanding.

Mr. MANN: This is not last year.

The Committee adjourned until 3.30 p.m.

The Committee resumed at 3.30 p.m.

The CHAIRMAN: Are you ready to go on?

Mr. MANN: Call Mr. Banks.

Mr. HOWARD M. BANKS, manufacturer, Westmount, Quebec, appeared as a witness, and, having been duly sworn, testified as follows:

By Mr. Mann:

Q. You reside in Montreal?—A. Westmount.

Q. And have your office in Montreal?—A. Yes, sir.

Q. In what building was your office in the year 1928?—A. At that time it was called the Dominion Express Building.

Q. On St. James Street?—A. Yes; now it is the Canadian Pacific.

Q. Do you know Senator McDougald?—A. I do.

Q. Have you known him for some time?—A. I have known him eighteen or twenty years.

Q. In 1928 had you any business relationship with him, and if so what?—A. Well, I acted in a confidential capacity for him at times, although I was no longer on his pay-roll. I had wound up a number of his companies for him, beginning with 1925 and 1926, and I still stayed with him in rather an informal capacity, and made myself useful to him at various times whenever the occasion arose.

Q. Were you there at any part of 1928?—A. From time to time, yes, sir.

Q. Where was your office in relation to his in the Dominion Express Company Building?—A. It adjoins—part of the same suite.

Q. Are you the Mr. Banks that was referred to by Mr. Charles Barnard this morning?—A. Yes.

Q. You heard Mr. Barnard's evidence?—A. Yes.

Q. You heard his evidence with respect to a transaction whereby some bonds were delivered by you in the presence of Barnard to one Winfield B. Sifton?—A. I did.

Q. You were the gentleman to whom Mr. Barnard referred as having delivered those bonds?—A. I am.

Q. What were the bonds?—A. They were the 1933 Victory Bond series.

Q. And the amount of them?—A. There were 46 bearer bonds of \$1,000 denomination.

Q. With the interest coupons attached, the then current coupons attached?—A. I believe so, yes.

Q. Do you know what price they were on the market at that time?—A. No, I don't; I should say around 104, 105, along in there; that is just my impression.

Q. And the receipt warranting the delivery of those bonds you heard described by Mr. Barnard?—A. Yes.

Q. Did you have that receipt or letter in your possession?—A. I had it in my possession for about a day.

Q. What did you do with it?—A. I showed it to Senator McDougald the first time that he came into the office, to account for the delivery of his securities from my custody, and after he had seen the receipt and was satisfied of the delivery he said, "well, give that to Mr. Barnard," which I did within the next twenty-four hours; and that is the last I saw of it.

Q. You showed the receipt to Senator McDougald after you had delivered those bonds to Mr. Sifton?—A. Yes.

Q. And you thereupon, on his instructions, delivered the receipt to Mr. Barnard within a little while after?—A. Yes.

Q. And you have not seen the receipt since?—A. I have not.

Q. You had some instructions from Senator McDougald with respect to the class or series of bonds that you were to deliver to Mr. Sifton, prior to the delivery?—A. Yes, I did.

Q. How long prior to that delivery?—A. It was the same morning.

Q. Before Barnard came in?—A. Yes, sir.

Q. Or after?—A. Before.

Q. Therefore, I take it, you were instructed by Mr. McDougald that Barnard and Sifton and you would have a discussion with regard to the delivery of those bonds?—A. Yes.

Q. And at that time Dr. McDougald instructed you what bonds to hand to Sifton?—A. Yes, sir.

Q. That is correct?—A. That is correct.

Q. Were those bonds in your custody or possession at the time Dr. McDougald gave you the instructions that morning?—A. Yes, sir.

Q. And had been for some time?—A. For some little time, yes.

Q. Was that one particular set, or was that just some of the others?—A. It was part of the securities I had. For ten or fifteen years I have had from \$10,000 to \$100,000 of securities under my charge all the time, in my custody.

Q. Did you keep any books in relation to the transactions you were carrying on for Dr. McDougald?—A. Those particular transactions?—This one here, the only record I had of that was the receipt from Mr. Sifton, which I delivered to Mr. Barnard within the next day or two.

Q. There is no record in any book of account or ledger or any inventory book with reference to this particular transaction?—A. We used to keep formal records of all those things up till the time our companies dissolved.

Q. What do you mean by companies?—A. The companies Senator McDougald controlled—a number of coal companies of which I was controller.

Q. But in 1928, and at the time of this transaction, so far as this bond transaction was concerned there were no books?—A. We had no books; only formal entries. You asked me if I meant in that particular transaction.

Q. That is, in other transactions where bonds were concerned did you keep books or memoranda or notes of any kind?—A. Yes, we used to have notes that we would take and enter, and we would go over the slips pretty correctly once or twice a year.

Q. But what I am asking you is, did you have a debit and credit ledger for bonds and securities?—A. No sir.

Q. Did you have an inventory ledger?—A. No.

Q. Did you have a ledger or book of any kind in which bonds in your possession were listed?—A. No.

Q. So when you had bonds in your possession or custody for Dr. McDougald they were just there without any memoranda as to what was found and what was not?—A. No, we always had memos.

Q. What form did those memos take?—A. I would make out a list several times a year and give Senator McDougald a memo of it—"I hold to your account such and such securities,"—and we would check it over from time to time so that we would know, in a general way, what I held for him.

Q. Was there a list in which these \$46,000 of 1933 were included?—A. I don't remember.

Q. Was there a list at the time those bonds, \$46,000, were in your possession, of bonds you had in your custody?—A. I could not say for certain. We would only keep those lists until we would check them up the next time. It was a very informal arrangement.

Q. It was so informal that it might be correct one minute, but not be accurate a week from that?—A. That is probable.

Q. How did you keep track of what you delivered? From the stock you had in hand?—A. Yes, they had a list.

Q. Did you use any list of the \$46,000 you delivered on this occasion?—A. I did.

Q. I thought you said a moment ago that you did not remember the list?—A. Well, that was my custom; I used to have a list. They were not formal records of the office.

Q. You told me a moment ago that you did not remember if they were on the list?—A. Well, frankly, I don't remember the exact list that those were on, but that was my custom, to work with those memo lists that I checked up with the senator at odd intervals, and make a memo against those deliveries, but I don't remember the actual list that those bonds were on.

Q. So that they were on a list; you believe that?—A. Well, I presume they were on the list.

Q. And what happened to these lists after you checked them off, or crossed off the list of bonds and so on, what happened to these lists afterwards?—A. We did not keep them.

Q. And you are not able to say if there was any other record whatsoever except what you have given us of these bonds?—A. No sir.

Q. Except the receipt which was handed to you by Mr. Barnard as having come from Mr. Sifton?—A. That is the only one.

Q. I suppose you delivered bonds to Senator McDougald from time to time, and other securities?—A. Yes sir.

Q. Did you take a receipt from him?—A. Never.

Q. You never took a receipt from him. Did you give him a receipt when he handed bonds into your custody?—A. No I never did that, never have.

Q. Absolute and unflinching confidence in each other?—A. Absolutely.

Mr. CLIFFORD SIFTON, Toronto, Ontario, appeared as a witness, and having been duly sworn, testified as follows:—

By Mr. Mann:

Q. Your occupation?—A. Barrister and solicitor.

Q. Your residence?—A. Toronto.

Q. You are a solicitor practicing your profession in Toronto?—A. Yes sir.

Q. You are a brother of the late Winfield B. Sifton?—A. Yes.

Q. Your brother Winfield B. Sifton died on the 13th of June, 1928?—A. Yes sir.

Q. And you, together with Henry A. Sifton, W. Victor Sifton and John W. Sifton were executors of the estate of your late brother?—A. We were, and still are.

Q. Did you in your capacity as executors of the estate, with any of the other executors or by yourself or in conjunction with one or more of them, gather together any books, papers, documents and securities belonging to your late brother?—A. Yes, everything of that nature that we could find we got together.

Q. He resided in Brockville didn't he?—A. Just outside of Brockville.

Q. Have you in your possession in your quality as executor all the papers, paid cheques, statements and securities which formed part of your late brother's estate?—A. Well all that formed part of the estate, that is everything we could find we put in. We still have everything we could find.

Q. And there is nothing, no other documents of value, or correspondence that relates to financial affairs, which you know of which you have not in your possession. That is correct?—A. That is correct, except for the fact that there are obvious vacancies in the documents, a few. For instance his returned cheques start I think it is March or April of 1928. His cheques before that

time, while we have a copy of the Bank statement they have not been able to locate the actual cheques. There are obvious deficiencies of that kind. But everything we have been able to find we have got.

Q. What you are speaking of now are the returned cancelled cheques?—
A. Yes.

Q. You have only found them beginning March, 1928?—A. The first is the 8th of April.

Q. The cheques you have there are from the 8th of April, 1928, to the date of his death, and including cheques that were outstanding and paid afterwards through the bank?—A. That is as I understand it.

Q. Accounts in what banks have you?—A. We could only find an account in the Bank of Nova Scotia, Brockville.

Q. Have you any knowledge of any other bank accounts, or have you reason to believe he had any other bank account than the Bank of Nova Scotia, Brockville?—A. No I have no reason to believe he had.

Q. Have you procured from the Bank of Nova Scotia, Brockville a statement of your brother's account?—A. Yes, a rough statement.

Q. If so will you say what that statement covers, the dates of the beginning and the end of the statement, and will you be kind enough to produce it as Exhibit 142?

Hon. Mr. CANNON: Before it is produced I suppose my learned friend will give us an opportunity—

Mr. MANN: Absolutely, go ahead and look.

Q. Tell me what the date is and what it covers and then hand it to Hon. Mr. Cannon.

The WITNESS: This is a list which I got yesterday, because we had no reason to ask for it before we received your subpoena, a rough list, one of them is headed: Statement of Credits, and purports to include every credit which appears in his account starting 16th June 1926, which was about the time, if my memory serves me correctly, that he took up residence in Canada as far as that is concerned; and ending 31st March 1929, which is some time after his death. The reason for that is, there was one overdraft which we paid sometime after his death. That is all on one page.

Q. There is a second list, including five pages, which is a statement of the debits. It has no information except the actual figures. It starts 16th June 1926 and goes to some months after his death, the last items being outstanding cheques and interest debits for the overdraft. It has got the bank stamp and is signed by the Manager of the bank, and was given to us as a statement of the figures appearing on their ledger sheets. (Statements handed to Hon. Mr. Cannon for perusal).

Hon. Mr. CANNON: I just call the Committee's attention to the absolute lack of legal value of such a document.

The CHAIRMAN: We will take it for what it is worth.

Hon. Mr. CANNON: It goes in for what it is worth I understand?

The CHAIRMAN: Yes.

The WITNESS: I have the covering letter which came with this, perhaps it should be attached.

Mr. MANN: This was handed to you by the Bank of Nova Scotia, Brockville, as being from the books of the bank in reference to the late W. B. Sifton's account?—A. That is not quite correct. I phoned the Manager of the bank at Brockville and asked him to send it to me at Toronto. He sent it to the head office branch in Toronto with a covering letter, of which this is a copy, and I went down and the Assistant Manager, Mr. Russell, gave it to me as being the figures appearing in the ledger account.

I have another letter from the Bank Manager referring to it, in which he says it is a rough statement, which he says he trusts will be convenient for the purpose.

The CHAIRMAN: It came to you as an executor?—A. I demanded it and received it as an executor.

Mr. MANN: Have you any doubt that it represents the statement of your brother's affairs with the Bank of Nova Scotia at Brockville?—A. I never saw the account. I received it as such, and have no reason to doubt it.

Q. And certified by the Bank of Nova Scotia, Brockville, by McCallum, Manager?—A. It appears to be. I cannot add anything, I have explained how I got it. And there are two accompanying letters.

Q. I do not think we need burden the record with these letters.—A. It explains how we got them.

Mr. MANN: Unless my friend insists that the letters be in.

Hon. Mr. CANNON: I would not keep my friend from having the pleasure of examining anything.

Mr. MANN: Your friend has not had much pleasure during this enquiry, because he has not filed anything.

Mr. CHAIRMAN: Those are just the covering letters?

The WITNESS: Yes Sir. The last letter is not exactly a covering letter, I asked for the dates, I said no doubt your Committee would like to know the dates to which these figures refer, and the last letter is an additional letter from the Bank Manager giving the dates of the first and last figure each month, so that the date could be marked. And the figures appearing in red pencil were put on at my instigation transcribing the information from the last letter. Those came in the form of a letter and were transcribed on the other document at my request.

(Statement of credits and statement of debits to W. B. Sifton's account at Bank of Nova Scotia, Brockville, filed, marked Exhibit No. 142.)

Mr. MANN: Looking at statement Exhibit 142, you mentioned that there was an overdraft in your brother's account at the time of his death. The overdraft was how much?—A. I cannot say exactly, it does not appear in the list. I said there was an overdraft because as an executor I know there was an overdraft, and I was a party to paying it. I know one item here, amounting to \$8,512.17 paid on the 31st March 1929 was the exact amount necessary to clean off the account. That included the overdraft at the time of my brother's death plus interest up until the time we paid it, but exactly what the figure was I am not in a position to say at the moment.

Q. The amount you mentioned is the amount the estate paid?—A. Eventually, on the date I mentioned.

Q. To cover the debit balance in favour of the bank plus interest to the date you made the payment?—A. Yes.

Hon. Mr. CANNON: Before my friend goes any further, as I pointed out to the Committee, this document legally has absolutely no value as evidence. If this is only a preliminary question I am not going to insist, but if my learned friend for reasons unknown to me wishes to investigate the late Mr. Sifton's affairs, I would insist that legal evidence be adduced, that we have the Manager here and so on.

The CHAIRMAN: We are not tied up.

Hon. Mr. CANNON: I appreciate that, so I do not think my learned friend will prosecute that much further.

Mr. MANN: I am afraid your friend intends to prosecute that evidence, or call the Manager of the Bank to prove that these are the figures. I thought

there could not be much doubt about it. I intend to prosecute the question in respect to the account.

Hon. Mr. CANNON: Then I raise my objection.

Mr. MANN: I ask for a ruling. I will ask the Committee to accept this document in the meantime at least as evidence of the account, subject to producing the Manager to corroborate it.

The CHAIRMAN: As far as I am concerned it is in now.

Hon. Mr. CANNON: Yes it is in, but what legal value has it?

The CHAIRMAN: That has to be considered later by the Committee.

Hon. Mr. CANNON: I think you should consider it now. Let us have legal evidence. If my friend is going to investigate the late Mr. Sifton's affairs there is one way of doing it. His brother here knows absolutely nothing, he does not know whether this document is accurate or not, does not know the first thing about it.

The CHAIRMAN: Mr. Cannon, we are not going to convict anyone of any crime.

Hon. Mr. CANNON: We are not talking about conviction.

The CHAIRMAN: We are just here as a committee of enquiry. We are not going to give a verdict of guilty or not guilty against anyone on a criminal charge.

Hon. Mr. CANNON: We are not afraid of verdicts of guilty or not guilty. But this Committee is composed mostly of lawyers, and up to now we have gone along legal lines. I would like us to proceed along legal lines. If my friend for some reason unknown to me wishes to investigate the estate of the late W. B. Sifton, let us do it legally. If he wants to investigate the bank account that Mr. Sifton might have had in Brockville, let us have the Bank Manager put in the books. He is the man who can tell us something. His brother cannot tell us anything. Why are we wasting time? This witness along these lines would not be listened to in any court of law. He admitted himself he did not know personally anything about these things.

Hon. Mr. McMEANS: Do you suggest that the statement is not correct?

Hon. Mr. CANNON: I do not say that for a minute.

Hon. Mr. McMEANS: In a commission of enquiry such as this, if you had any doubts you could just telephone to the bank and ask if the statement is correct. That would save a lot of trouble.

Hon. Mr. CANNON: I would be quite satisfied, with all due respect, if my friend would tell us what he intends proving.

Hon. Mr. McMEANS: Your objection is not so much to the document as to the evidence?

Hon. Mr. CANNON: No, if my friend wishes to investigate the whole affairs of the late Mr. Sifton, then I would like to have this investigation carried on on legal lines. If he just wishes to put a few questions to Mr. Sifton I am not going to waste the time of the Committee by objecting.

The CHAIRMAN: I do not think it is of sufficient importance.

Hon. Mr. CANNON: I attach no importance to it at all.

Hon. Mr. COPP: I feel that if Mr. Mann wants to use this as a memorandum from which to ask the witness questions, well and good. But if he is going to file it as absolute proof that this is the full statement, I do not believe it should be done in that way.

Mr. MANN: For the Honourable gentleman's benefit and for my friend's, I intend to use that as the statement of the late W. B. Sifton's account with the

Bank of Nova Scotia, and point out to the Committee items of the account, assuming it is the account from the Bank of Nova Scotia.

Hon. Mr. CANNON: You could assume that. There is only one assumption, if you are a court, and it is a legal assumption.

The CHAIRMAN: We have it in evidence now that this statement came into the possession of the executors of the estate from the bank.

Hon. Mr. CANNON: With all due deference, the witness tells us, I received a subpoena and in order to be able to fulfil the summons which I received I telephoned the bank to try and get whatever documents I could, and I received this. Now if my friend wishes to use this in a sort of casual way to help him along examining this witness, I have no objection. But if he wishes to file this as an Exhibit being a legal document showing the exact position of the late Mr. Sifton at the time of his death, with that bank, with all due respect I submit that this is no way of doing it.

The CHAIRMAN: I think you are quite right, if this was a court of law he would have to produce the original books.

Hon. Mr. CANNON: This is the highest court of law in the land.

The CHAIRMAN: We are not a court of law.

Hon. Mr. McMEANS: I do not think you would have to produce the books. If my memory serves me right, there was an Act passed that where a bank was subpoenaed they could make an extract from the books and that would be accepted as evidence.

Hon. Mr. CANNON: But certified by an official of the bank who can say, This is an extract from the books. This is only signed by the Manager, I understand. I am not doubting his signature, I do not think Mr. Sifton even knows it, he cannot vouch for the signature. But again I repeat I am not going to waste the time of the Committee, but I would like to know what my friend is driving to.

The CHAIRMAN: I think we better go on, and if there is anything really vital, and there is any doubt as to whether it is correct, we can have it verified by the banker.

Hon. Mr. CANNON: I am satisfied with that.

Mr. MANN: I think I can assure my friend we will have the Bank Manager here to verify it.

Hon. Mr. CANNON: Well my friend has had since Friday to prepare this.

Hon. Mr. BÉIQUE: I should think you could agree about that.

Mr. MANN: I should not think there would be the slightest trouble about it. I think my friend might want to look at it and say he will agree that it is the statement of the bank account.

Hon. Mr. CANNON: I do not know anything about it.

Mr. MANN: All right.

Q. Mr. Sifton, look at Exhibit No. 142, look at the credits in the statement and tell me if, beginning the 1st of January, 1928, you find any credit there of a sum of \$15,000 from the 1st of January, 1928, to the date of your brother's death.

The WITNESS: No. The largest credit or deposit seems to be in April, 1928, \$3,000. That is excluding the \$8,500 odd which we paid ourselves.

Q. That is something you paid after his death?—A. Yes.

Q. I am talking about up to the time of his death, or a few days after, when cheques might have been paid in that were outstanding?—A. The largest individual item appears to be \$3,000, according to this list.

Q. Would you be good enough to look at the debits and see if there are any cheques drawn against that account—what is the largest cheque drawn against it from January 1st, 1928, to the date of your brother's death, to the end of the account?—A. The largest cheque charged against this account appears to be \$913.35 some time in April, 1928.

Q. That is the largest cheque from the first of January to the time of your brother's death?—A. According to this list, I only know what is on the list.

Q. Which we will nearly say purports to be the account?—A. Exactly.

Q. Did your brother take ill any time before he died?—A. A few days, I forget the number of days.

Q. Around three or four or five?—A. Something like that.

Q. From the time he took ill was he confined to the house unable to transact any business?—A. Yes I understand that is so. I was not present until the very end, but I understand that is so.

Q. That would mean that he took ill somewhere around the 8th or 9th of June?—A. I presume that was true.

Q. And he died on the 13th. The state of his account was a substantial overdraft at the time of his death?—A. Yes.

Q. Which the estate paid?—A. Yes.

Q. Now among the assets of your brother's estate—did you gather together as executors, you with your brothers, the assets of his estate?—A. We did.

Q. Did you make a list of them?—A. We did.

Q. At the Commons enquiry I think there was filed as Exhibit No. 105 a document being a statement of the estate of your late brother, with an affidavit as to succession duties attached. (Showing document to witness.) That is the Exhibit produced on the Commons enquiry?—A. This appears to be a copy of the Succession Duties Act affidavit which we prepared, yes.

Q. And includes within it an inventory of the securities which made up your brother's estate?—A. Yes.

Q. Was there among the assets of the estate any Dominion of Canada bonds whatsoever?—A. No.

Q. Was there among the papers of the estate any receipt for any sums of money paid to the Beauharnois Syndicate or the Beauharnois Power Syndicate?—A. I do not recollect any such receipt.

Q. Would you recollect it if it had been there?—A. Not a receipt, no.

Q. There was no receipt?—A. I do not say that, I say I am not sure I would have recollected it. If it had been a receipt for money which was loaned which constituted an asset I am sure I would have listed it.

Q. Was there any receipt from the Beauharnois Syndicate or the Beauharnois Power Syndicate for any sum of money appearing to have been paid to that Syndicate in the form of a subscription?—A. I cannot answer categorically. Certainly I never heard of such a thing and I do not recollect having seen such a thing. There is nothing I can recollect which refers to that.

Q. Was there any reference to a subscription by your brother to stock or units in the Beauharnois Power Syndicate or Beauharnois Syndicate?—A. I never saw such a thing.

Q. I merely ask was there any such thing among the papers of the estate?—A. I cannot answer categorically because we have half a trunk full of papers, I did not examine every one to see whether there was such a thing, but I do not recollect any question of such a thing.

Q. You did examine the papers to find what the assets of the estate were?—A. Exactly. There was nothing which appeared to me to be an asset which referred to that, at least not that we found.

Q. And there was not in the estate any evidence so far as you found, having looked over the assets, any evidence that he was at any time a subscriber to

the stock or part-interests of the Beauharnois Power Syndicate or Beauharnois Syndicate?—A. Certainly not at the time of his death. I would not be particularly interested in what he was before, but I can recollect nothing—

Q. I am only asking what you found at the time of his death?—A. I do not remember finding any such thing, but I must explain that if it was an interest which would have terminated before, it is not the kind of thing we would be particularly looking for. I cannot recollect even having seen anything which referred to an interest which had terminated.

Q. What I am asking is if there was among the papers of your late brother's estate any evidence that he had been prior to his death necessarily interested in the shares or part-units or part-interests or units of the Beauharnois Syndicate or Beauharnois Power Syndicate?—A. Not within my knowledge, no.

Q. Who made up the inventory of the estate?—A. It was made up under my direction. Myself and my clerical help.

Q. Was it made up from information you furnished to the party who put the figures down?—A. It was done directly under my own hand.

Q. And as far as the executors have been able to find, the only assets of the estate are as appears on Exhibit No. 105?—A. With one exception, which turned up afterwards, one that I can recollect; that was a small matter of a few shares in a hotel company at Brockville, I think it was. We learned about it because there apparently had been a subscription and there was money owing on it, and in that way we learned about it. I cannot remember anything else which came up subsequently which was an asset.

Q. May I remind you that there was a sum of something over \$10,000, a fee which had not been collected from someone?—A. It appears in the statement.

Q. That is the sum of \$10,088.70, due by the Beauharnois Company, which had not been paid at the time of his death?—A. Yes.

Q. Was paid after his death?—A. Fees and expense account, yes.

Q. And expenses. And I note the very large proportion of the estate is referred to as bank stocks and other stocks, \$489,300?—A. Yes.

Q. That you have informed me is stock in the Armadale Corporation?—A. That is right.

Q. The Armadale Corporation is what?—A. A private company.

Q. Belonging to the members of the Sifton family?—A. Yes.

Q. And he had stock in the Armadale Corporation which was valued at \$489,300 at the time of his death?—A. Which we valued at that price for the purpose of this affidavit, yes.

Q. And that is the value of shares in the Armadale Corporation which your late brother owned?—A. Generally, yes, but what actually happened was that the shares were owned by trustees, and he had a beneficial interest, and when it is all washed out this is the amount of interest.

Q. Did any part of that interest which your brother owned at the time of his death result from bonds or securities of any sort or description which he had handed in to the Armadale Corporation within three months prior to his death, say?—A. Bonds or securities?

Q. Yes.—A. Nothing to do with any of these matters. Within three months, no nothing within three months.

Q. Well let us say from the 1st of January, 1928, that is five months?—A. No.

Q. He had handed in no securities or bonds or anything of the kind into the Armadale Corporation which went to create the beneficial interest which he had in it at the time of his death?—A. I think that is correct.

Q. Or money?—A. I think that is correct.

Mr. MANN: I think that is all.

By Hon. Mr. Cannon:

Q. You are your brother's executor?—A. I am one of them, yes, sir.

Q. Last year, while the House of Commons Committee was sitting, you had been asked to look through all these papers and try and find out whatever could be of any value or worth to the Committee?—A. Last year, no, sir.

Q. When was this Exhibit prepared?—A. That appears to be a copy of a Succession Duties affidavit which we prepared. How it came to get before the Committee I have no idea.

Mr. MANN: If my memory serves, what they did, they telephoned the office where the probate was and had some solicitor make a copy and send it up.

The WITNESS: As a matter of fact when it came to my knowledge that there was some question with regard to my late brother's records, I made a special trip from Brockville, where I was staying in the summer, in here and told the solicitors for the inquiry that if there was any other information he wanted we would be very glad to give it to him.

Hon. Mr. CANNON: When was that?—A. That was the last day of the enquiry, but we were not called.

Q. Last year?—A. Yes.

Q. And they did not call you last year?—A. No.

Q. And this year you were summoned Friday or Saturday?—A. Well Mr. Mann got me on the telephone and said they wanted certain information, and wanted to know who would be in possession of it. I told him our accountant would be in charge of the records, that anything we had would be a question of record, and beyond our personal knowledge, anything which I thought he would want, and I said, you better call the accountant. But in looking over the matter and helping the accountant to find everything which I thought would be of interest to the Committee it appeared there was very little of interest, and I was afraid it might appear that we had asked to have the accountant summoned for the mere purpose of avoiding the issue, so I came myself.

Q. What I would like to make clear is that not only this year but last year you volunteered all the information you might have in your possession which might be of any interest?—A. That is right.

Q. And all you have to offer to the Committee is what you have said now?—A. Now, with regard to what I have been asked. Anything else is available if they want it.

Q. You have heard Mr. Bank's evidence, you have heard Mr. Bernard's evidence, and as to these things you do not know anything?—A. Personally no.

Mr. MANN: Mr. Chairman, there is one Exhibit that has not yet been filed, Exhibit No. 131 I think, which was Mr. Geoffrion's bill. I spoke to Mr. Geoffrion the other day, he said he would send it right up to the Clerk of the Committee.

Then Senator Haydon's examination has not yet been concluded, and what may result from Senator Haydon's examination and what may result from the items in Mr. Geoffrion's account Exhibit No. 131, and subject to the necessity of calling the Manager of the Bank at Brockville—

The CHAIRMAN: Well you have nothing more this afternoon?

Mr. MANN: No I have nothing more this afternoon. Have you Mr. Smith?

The CHAIRMAN: In that case I am going to ask the Committee to meet tomorrow morning at 11 o'clock, with the expectation that we can arrange to finish Senator Haydon. In the meantime I will get into communication with his counsel and ascertain if we can go there in the forenoon. Is that agreeable to the Committee?

Hon. Mr. McMEANS: I think you will have to see the doctor.

The CHAIRMAN: Yes, but I thought if we met at 11 o'clock we will know definitely, and probably be able to go down before 1 o'clock.

Hon. Mr. GRAHAM: Is the end in sight, or are we just getting ready for the next—

The CHAIRMAN: I hope so.

Hon. Mr. GRAHAM: Is not the time coming when we will say we will finish to-day?

The CHAIRMAN: I hope so. Of course we are not very busy just now.

Mr. SMITH: Well can we have this Exhibit No. 142 admitted for what they obviously know it is?

Hon. Mr. CANNON: No, I do not want my friends to bring the bankers.

The CHAIRMAN: I thought we understood that.

Hon. Mr. CANNON: Certainly.

The Committee adjourned until to-morrow at 11 a.m.

MINUTES OF EVIDENCE

OTTAWA, THURSDAY, March 17, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at 11 o'clock in the forenoon.

Present: The Honourable Senators Tanner, Chairman; Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, for the Committee.

The Honourable Lucien Cannon, P.C., K.C., Quebec City, Quebec; Mr. John W. Cook, K.C., Montreal, Quebec, and Mr. Hugh E. O'Donnell, Montreal, Quebec, for Hon. Senator W. L. McDougald.

Mr. John P. Ebbs, Ottawa, Ontario, for Hon. Senator Andrew Haydon.

Mr. Thomas Vien, K.C., Montreal, Quebec, for Hon. Senator Donat Raymond.

Mr. SMITH: Mr. Chairman, may I make a correction? In my examination of Senator McDougald I referred to him as owning roughly twenty per cent of the stock of the company. I was wrong. It is exactly nine and one half per cent. I am anxious to correct that.

The CHAIRMAN: Now we are to consider the taking of certain evidence from Senator Haydon. Mr. Ebbs, are you representing Senator Haydon?

Mr. EBBS: Dr. Argue is here, and I thought perhaps he might say a word or two. I do not know whether your Committee has decided whether you wish to go out to Senator Haydon's home.

The CHAIRMAN: We will hear Dr. Argue.

Dr. JOHN FENTON ARGUE was recalled as a witness, and testified as follows:

By the Chairman:

Q. Will you tell us, doctor, about Senator Haydon? We contemplated going down to his home this forenoon. Will you tell us what you think? The Committee would like to have your judgment in the matter.—A. Of course, Senator Haydon is feeling the strain of this more or less, and I had to go out to see him last night at 9 o'clock, and he was in a rather nervous condition and I had to give him a rather heavy sedative to insure him a night's rest. If your Committee could see your way clear to leave his examination till this afternoon, or preferably till to-morrow, I think it would be better for the Senator's health.

Hon. Mr. McMEANS: I fancy the examination will not be very long, doctor. Mr. Mann, how long would you think?

Mr. MANN: I do not think it would be long at all.

Hon. Mr. McMEANS: How long would you say?

Mr. MANN: It is a very difficult thing to say. That depends upon the answers to the questions, but I should say at the outside half an hour or thirty-five or forty minutes. I should not think it could possibly be longer than that.

By the Chairman:

Q. You would prefer it to-morrow?—A. Yes.

The CHAIRMAN: It is possible the Senate may adjourn to-night, so I understand, until Tuesday. I feel now that if we decide to postpone the investigation until to-morrow it may not be necessary for all the members of the Committee to go, as we did before.

Hon. Mr. CHAPAIS: No; that is what I was thinking.

The CHAIRMAN: I would be quite willing to go, for one. I prefer to go when the doctor thinks the Senator is in the best condition.

Hon. Mr. CHAPAIS: You are perfectly right. It would be enough that you and two other members of the Committee should go. I am sure nobody is anxious to go.

By Right Hon. Mr. Graham:

Q. What do you think, doctor, would it be better if we did not all go?—A. Well, of course it is a small sized room, and if you get fifteen men in there for an hour—

Hon. Mr. CHAPAIS: We were crowded there the last time, there were too many.

The WITNESS: Yes, too many.

By the Chairman:

Q. Do you think he would be all right for this afternoon?—A. If, as Mr. Mann says, half an hour—

Mr. MANN: Yes, I think I can almost assure the Committee it would not be longer than that.

By Hon. Mr. McMeans:

Q. You see, doctor, there are several counsel here from Montreal and elsewhere. If there is any possibility of seeing the Senator without any undue strain—A. I think a reasonable time would be all right. He is very anxious to get it over with himself. I think if it was a reasonable time it probably would not do him any damage this afternoon; but as a physician, I would prefer twenty-four hours later. He is very anxious to get the thing concluded.

By the Chairman:

Q. Could it be arranged this way, that we decide to go down at, say, 4 o'clock this afternoon, unless you advise differently in the meantime?—

A. Yes sir. I will let you know. If you do not hear from me by 1 o'clock you will know it is perfectly safe to make your arrangements for 4 o'clock.

The CHAIRMAN: The Committee will understand that we are to be there at 4 o'clock, unless otherwise advised.

Hon. Mr. CHAPAIS: I think, Mr. Chairman, you had better arrange to go with two or three others; we do not need to have the whole Committee there.

Hon. Mr. McMEANS: I think Senator Graham should go, because he is not like a stranger there.

The CHAIRMAN: It will be necessary, if that is to be done, for the Committee to name certain members as a sub-Committee.

Hon. Mr. BÉIQUE: I think a sub-Committee of three would be sufficient. I move that the sub-Committee consist of the Chairman, Senator McMeans and Senator Graham.

Hon. Mr. DONNELLY: I second that.

The motion was agreed to.

Hon. Mr. McMEANS: When shall we meet again as a full Committee?

Hon. Mr. DONNELLY: When the sub-Committee returns from Senator Haydon's residence the full Committee should meet.

Hon. Mr. COPP: The sub-Committee should be back by 5 o'clock.

Hon. Mr. McMEANS: Mr. Smith, have you any further witnesses after Senator Haydon?

Mr. SMITH: No sir.

Hon. Mr. McMEANS: Are you proposing to call any more witnesses, Mr. Cannon?

Hon. Mr. CANNON: Surely not.

Hon. Mr. McMEANS: Then we may close with Senator Haydon's evidence this afternoon.

Hon. Mr. CANNON: Yes. It will not be necessary for all the counsel to go to Senator Haydon's. We have no further evidence. I understand my learned friends declared yesterday they would complete their evidence with Senator Haydon, subject only to anything that might arise from his examination. Am I right, Mr. Mann?

Mr. MANN: About as right as you have been all through the proceedings. You are nearly right.

Hon. Mr. CANNON: This is my birthday. You ought to be careful.

Mr. MANN: I did say subject to further examination on Exhibit 131, and that is not here yet.

Mr. SMITH: I take it, Mr. Chairman, that inasmuch as you are trying to reduce the number in attendance at the examination of Senator Haydon, that I may be excused and that Mr. Mann alone may go as Committee counsel.

The CHAIRMAN: I think so.

Hon. Mr. McMEANS: Mr. Ebbs will be there, I suppose?

Mr. EBBS: Yes sir.

Hon. Mr. McMEANS: Mr. Robertson will be there?

Mr. EBBS: I expect so.

Hon. Mr. McMEANS: If he is not there, I suppose you will take his place?

Mr. EBBS: Yes.

The CHAIRMAN: Now, gentlemen, I may say that it has been suggested to the Committee that perhaps counsel for the honourable senators who are mentioned in this matter might desire to give the Committee a statement or summary of the evidence, something in the nature of a brief. I do not know whether you desire to do that, but I am sure that the Committee will be pleased to have your briefs if you wish to present them, and the only stipulation we make is that we would prefer to have them before we begin to formulate our reports.

Mr. VIEN: Mr. Chairman, may I ask if it is the intention of the Committee to request Mr. Mann and Mr. Smith to address the Committee?

The CHAIRMAN: No.

Mr. VIEN: Nor to request any other counsel to make an address?

The CHAIRMAN: No.

Mr. VIEN: The suggestion, if I understand it rightly, is that counsel will have the privilege of filing a written brief containing a summary of the evidence and suggesting conclusions.

The CHAIRMAN: Yes.

Hon. Mr. BÉIQUE: And giving the references.

Mr. VIEN: And giving references to the pages of the evidence, so as to facilitate your work in checking the accuracy of the statements made.

The CHAIRMAN: Yes.

Mr. VIEN: On behalf of my client, I desire to express the request that we be granted such a privilege.

Hon. Mr. BÉIQUE: The counsel for the Committee have been requested to do the same thing.

Hon. Mr. CANNON: We appreciate very much this offer from the Committee but I am not willing to say whether we will file anything or not. We will consider it, but our action will depend upon what my learned friends do. I am perfectly willing to leave the matter in the hands of the Committee as it is now.

The CHAIRMAN: Well, the matter is open. If you are submitting any briefs we should like to have them, I think, not later than the end of next week.

Hon. Mr. BÉIQUE: It would be much more satisfactory for the Committee to have a kind of brief from all parties.

Hon. Mr. CHAPAIS: Yes, it would be a great help.

Mr. VIEN: May I suggest that it might be advisable for the Committee to determine a date for the filing of the briefs concurrently?

Hon. Mr. COPP: I think we should wait until we have heard Senator Haydon's evidence and are satisfied that no other witnesses are to be called, before we fix a date. Then we could ascertain from counsel for the Committee how long it will take for them to prepare a statement.

The CHAIRMAN: That is quite satisfactory.

Hon. Mr. BÉIQUE: I understand that any briefs submitted will form part of the record for the information of people who are interested in these proceedings.

The CHAIRMAN: We can consider that matter when we get the briefs.

Right Hon. Mr. GRAHAM: That might cause counsel to be more careful.

Mr. VIEN: May I suggest, Mr. Chairman, that these briefs will be addressed to your Committee, but we would expect and desire that they be available to all honourable senators in the House when your report is before them.

The CHAIRMAN: Surely, yes.

Mr. VIEN: For that reason it might be more convenient to all concerned if the briefs were embodied in the report of the Committee.

The CHAIRMAN: Once they come here they are public.

Mr. VIEN: If the briefs of other counsel are published, it may be advisable to make further statements, upon request.

Hon. Mr. McMEANS: It looks to me as if you are preparing for an appeal now.

Mr. VIEN: Not quite, senator. We have understood from the very start that this Committee is a fact finding body whose purpose was to collect evidence and report thereon to the Senate, which would be the court of ultimate jurisdiction in the matter.

Hon. Mr. COPP: There is no appeal from the Senate's decision.

Hon. Mr. CANNON: Perhaps it would shorten matters if we were given an opportunity to present briefs after my honourable friends the counsel for the Committee have filed theirs. If that were done, we would know what stand they took and what particular matters we have to discuss.

Mr. SMITH: Counsel for the Committee do not intend to take any stand at all. Whatever expression is good for your own soul, just make it.

Right Hon. Mr. GRAHAM: Mr. Cannon, I would not miss anything.

The CHAIRMAN: The sub-Committee will meet at half past three for the purpose of arranging to go to Senator Haydon's residence, if the doctor thinks it will be all right for us to go. The full Committee will stand adjourned until 5 p.m.

The Sub-Committee, consisting of Hon. Senator Tanner, Chairman, Right Hon. Senator Graham and Hon. Senator McMeans, met at the residence of Senator Haydon, the Driveway, Ottawa, at 4 o'clock p.m.

The following counsel were present:—

Mr. J. A. Mann, K.C., Montreal, Quebec, for the Committee.

Mr. R. S. Robertson, K.C., Toronto, Ontario, for Hon. Senator Andrew Haydon.

Hon. Lucien Cannon, P.C., K.C., Quebec City, Quebec; Mr. John W. Cook, K.C., Montreal, Quebec, and Mr. Hugh E. O'Donnell, Montreal, Quebec, for Hon. Senator W. L. McDougald.

Hon. Senator ANDREW HAYDON was recalled as a witness, and testified as follows:—

By Mr. Mann:

Q. Senator Haydon, the books showing the charges to Sterling Industrial Corporation have just been handed to me this minute, and in order to save time in the examination I am going to ask you to produce, as Exhibit 143, accounts of Sterling Industrial Corporation, beginning with date 5th July, 1924, page 534 on the book which Mr. Robertson has just handed me, and continuing further to page 702 of the same book as Exhibit 144 of what appears to be a continuation of that account carried into another docket or ledger as of date June 19, 1929, under the heading Beauharnois Power Corporation, and being account No. 6, sheets No. 1, 2, 3, 4, 5, 6, 7—seven sheets altogether; Have you had an opportunity of looking at those accounts since we last met two days ago, Senator Haydon?—A. I just looked over them generally; I would not know anything about them more than what is there.

Q. Perhaps you might help us to understand a little of what some of the items mean; I see there are mentioned interviews with Dr. McDougald and Mr. R. A. C. Henry?—A. Yes.

Q. And references made to letters from Dr. King in reference to the rights of J. B. Robert—I take it that was the J. B. Robert who had held rights in the Beauharnois section?—A. Perhaps.

Q. The account, Exhibit 143, seems to end at page 702 of the ledger with the words, "Carried to ledger 9/3"; the last date on page 702 is December 7, 1928; I assume that the carried forward reference is to Exhibit 144, namely, to the other ledger.

Mr. ROBERTSON: That is what I would take it to be.

By Mr. Mann:

Q. Perhaps you could help me, Senator Haydon; what does that 9/3 mean?
—A. I have not the faintest idea. I have not seen those books for years. You would hardly expect me to be the bookkeeper to the firm.

Q. No, I would not expect that; in any event I find that the first item that appears to be charged to Beauharnois Power Corporation is dated 19th June, 1929, in this ledger; you can check that, Mr. Robertson?

Mr. ROBERTSON: Yes; I suppose that was the date of incorporation.

Mr. MANN: They were incorporated later than that, and the last item appears to be November 6, 1931.

Mr. ROBERTSON: That is right.

Mr. MANN: The addition is \$8,757.53, and is balanced by a similar amount in the credit column; that is correct, is it not?

Mr. ROBERTSON: Oh yes.

By Mr. Mann:

Q. Now, in an answer to a question the other day you stated:

As a matter of fact, the fee in question covered, among other matters, the incorporation of the Beauharnois Power Corporation, which was not incorporated until the autumn of 1929, and the fee was paid on October 19, 1929, when that work was completed. It is rather absurd to talk about the fee being payable on the passing of the Order in Council which was passed six months before our work was done.

Now, with the information taken from your books, do you still maintain the statement which I just read to you?—A. As I remember, the Order in Council issued in March, 1929, and the work of the completion of the incorporation of Beauharnois interests was in October or November in the same year, which was more than six months.

Q. But, you see, the account appears to proceed right through from 1924 to 1931, according to—?—A. No account of Beauharnois; there was not even a word in sight in 1924.

Q. No, but the account appears to proceed right through from 1924 to 1931?
—A. Yes.

Q. It is carried right through in sequence of dates from Sterling right to Beauharnois, and it is captioned Beauharnois in the second ledger I referred to?
—A. So far as I know.

Q. And it is all carried through as one account?—A. Yes.

Mr. ROBERTSON: That is the way it is in that book.

By Mr. Mann:

Q. Now, I would like to see where the credit for the \$50,000 fee appears in that account, if it does appear anywhere?—A. It must be.

Mr. ROBERTSON: I don't know that it is in that account; I do not see it.

The WITNESS: The books were before the Committee last year.

By Mr. Mann:

Q. But we are in this year, and I would just like to find out where that \$50,000 fee is?

Mr. ROBERTSON: Here it is. It comes in, curiously enough, October 18, retainer, by cash, same \$50,000.

By Mr. Mann:

Q. At sheet No. 5, account No. 6, in the general account to which we have been referring, Exhibit 143 and 144, I find an item of October 18, to retainer herein, by cash, same, CB. 212—I take that to be cashbook—\$50,000 debit, with a credit of \$50,000; is the cashbook here?

Mr. ROBERTSON: No, it is not.

Mr. MANN: Is there any entry to show on what date that \$50,000 was paid?

Mr. ROBERTSON: Do you want me to show, or the Senator to show?

Mr. MANN: You helped us; I want to look for the entries.

Mr. ROBERTSON: I think we have helped him. We want to look at the books together.

Hon. Mr. McMEANS: Does the book not speak for itself?

Mr. MANN: No.

Mr. ROBERTSON: The question, as I understand, is—Is there anything in the book to show the date.

Mr. MANN: The entry in this ledger is October 18th; I don't know why "retainer herein" is put in; by cash, \$50,000, on the 18th October, 1929. Now, you see the debit is on that date to which you have referred, and there is also a credit without any date.

The WITNESS: Well, I cannot make the bookkeeper—if she has made the entries improperly I cannot help it.

By Mr. Mann:

Q. What were the circumstances of that retainer, Senator Haydon? How did it come about?—A. Well, Sweezey says that he—

Q. I do not want that?—A. That he talked to Mr. McGiverin in the fall of 1928. If he did, I have no personal knowledge of it. I was away during a great deal of the fall of 1928.

Q. Let me interrupt you, Senator Haydon: I want your answer, not Mr. Sweezey's; do you know how that retainer came about—the circumstances of that \$50,000 retainer?—A. It just was a general clean-up for everything done.

Q. A general clean-up for everything done?—A. As far as I know, and to be done.

Q. But who arranged the value of the services done? Did you or your partner, the Hon. Mr. McGiverin?—A. I suppose he did most of it.

Q. Did you discuss with your partner?—A. Yes, I think I did.

Q. And did you jointly come to the conclusion that \$50,000 was—A. Yes, I remember his distinctly saying that it would be satisfactory, that they would pay.

Q. Who suggested \$50,000?—A. I think it was suggested—As far as I know personally it was suggested by Senator McDougald. As far as what Mr. McGiverin did, I think—I don't know—I know that it was his view, McGiverin's view, but what they did among themselves, talking and so on when I was absent, I simply don't know.

Q. So that before that amount was paid, in concert with yourself, Senator McDougald and Mr. McGiverin, this amount of \$50,000 was arrived at as being a fair amount for the services rendered; how long before it was actually paid?—A. Oh, perhaps a year.

Q. Perhaps a year before?—A. A number of months. As far as I know it was worked out with reference to the completion of a final company which should gather in the Beauharnois situation, which company did become the Beauharnois Power Corporation.

Q. And all you can say is that it was worked out between your partner, yourself and Senator McDougald?—A. I don't think there was any working. I think there was just a lump jump at it, as far as I know.

Q. And it was somewhere in the vicinity of a year prior to the date of the payment?—A. It was a good number of months, as far as I know.

Q. And that was paid on October 18; I think the cheque bears that date, or about that date, October 18, 1929; you don't know, but take a year back, or say eight to twelve months, would you say it would be eight to twelve months back, would you say it would be eight to twelve months back that that payment was made?—A. I can't say; it was some months; that is the best I can tell you.

Q. I have in mind, Senator Haydon, that you referred to these water power projects the other day as moonshine; now I would just like to know what you mean by moonshine, in the light of that \$50,000 retainer, eight or nine months back of October, 1929?—A. No, I am not talking about that eight or nine months back. I look upon every kind of individual that comes into my office—and McGiverin, was exactly the same, we were always of the same view—who came in with any business that was at all speculative, that it was moonshine, if you like, until the day that it was coming to completion, and sometimes it took years, and sometimes months, and many times it never got anywhere.

Q. So that your view of it was that until it got to some solid position where it was something real, that it was moonshine?—A. Well, it was speculative.

Q. Do you suggest it was speculative when this \$50,000 was suggested, or had it got to some consolidated state?—A. I don't know that it was very consolidated, it may have been, I can't tell you that; I don't remember.

Q. Am I to take it that the \$50,000 was thrust upon the firm of McGiverin, Haydon and Ebbs, or was there any bargaining about it?—A. There was no bargaining that I know of.

Q. It was a generous offer by somebody; is that what I am entitled to say to you?—A. Well, it was a proposal, as far as I can remember, to clean up what had been done, and go on and clean up what was necessary still to do, in view of the need for completing a company in this concern which should be a financial company of that undertaking—just one of the many companies concerned with which we had nothing to do.

Q. And, may I take it, that was with a view of vesting in that company some substantial rights to carry on its projects?—A. Oh, it would have to be a company that would gather in all the rights some day otherwise it would not be any good.

Q. And it was in that view that you were retained to the extent of \$50,000, namely, the gathering in of all rights?—A. No.

Q. What was it you were retained for?—A. I have already told you, for doing a lot of things that we had already done for a number of years, and things to be done; what they were was perfectly indefinite, or fairly indefinite, as to time.

Q. You do not know what was remaining to be done?—A. No.

Q. Do you remember any one at all?—A. I have tried to tell you that the incorporation and completion of the final holding company was yet to be done, and it had to be done in connection with the various solicitors for the various interests that were in and to be interested—bankers and otherwise—and it happens in every stage of the undertaking.

Q. But you see that my difficulty is that here is an arrangement for \$50,000 that was made somewhere in the vicinity of ten months or a year before October 18, 1929—that is correct, is it not?—A. Some months, as far as I know.

Q. You said a year; I am not limiting you to a year; I will limit it, if you like, to six months or to twelve months?—A. Go on; You can get loaded up like it was last summer.

Q. At the time this was arranged for, there was not any Beauharnois Power Corporation in prospect at all, at the time this retainer was arranged for and agreed upon?—A. I think so.

Q. Do you know that there was or there was not?—A. Nothing could ever work out except there should some day be a company that could finance. That is what I told you the other day in connection with the prospects for the undertaking; except it had things that they worked with people that could buy power it could not get anywhere.

Q. You cannot tell me, in arranging this \$50,000 retainer, to what extent you and your partner, Mr. McGiverin, discussed it with Senator McDougald?—A. I cannot tell you; I couldn't remember. I can't remember all that was discussed with men four or five years ago, this day and to-morrow and the day after.

Q. Do you remember the cheque for \$7,500 on the 12th of June, 1930?—A. Yes. I don't remember it, but I can tell you how it came about; is that what you want to know?

Q. Yes, and I am asking of your cheque of \$15,000 in June, 1930?—A. Yes, my partner, Mr. McGiverin, said, "They will have a great deal of work to do in Ottawa and in a variety of places," and he said, "I have a lot of things to do; I am going to try to have a retainer." I went away; I did not hear anything about it any more. When I came back he told me that he had applied, and that is the retainer.

Q. Are you talking of the \$7,500?—A. Of the \$7,500.

Q. You have got past the \$50,000?—A. Yes.

Q. The \$50,000 retainer had been paid, as agreed upon, some months prior?—A. Yes. That ended with the incorporation of the Beauharnois Power Corporation.

Q. That retainer was paid in anticipation of the incorporation of the Beauharnois Power Corporation?—A. I mean the payment naturally ended with the incorporation of that company in the fall of 1929; is that clear?

Q. Not quite?—A. Well, all right, go on.

Q. Was the Beauharnois Power Corporation incorporated by the 19th of October, 1928?—A. It was incorporated very shortly after. I cannot tell you the number of days.

Q. So that \$50,000 finished the work in respect to the Beauharnois Power Corporation; is that what you say?—A. Yes, that is what I say.

Q. Then the following items of \$7,500 were something after the \$50,000 amount had been used up?—A. Yes, that is what you had last year.

Q. Were you familiar with the transfer of the units of the Beauharnois Power Syndicate from Senator McDougald to Mr. Ebbs, and the circumstances concerning it?—A. No, I know no more about this than you do, and never did.

Q. Did you know anything about Senator McDougald having an interest in the Beauharnois Power Syndicate or the Beauharnois Syndicate?—A. I knew that he was later, some time late in 1928 or 1929, anyway, interested in the undertaking.

Q. But I see he is mentioned in the accounts in Exhibits 143 and 144 which are carried right through from 1924 on to 1931?—A. Yes; who is mentioned?

Q. Senator McDougald; you knew he was interested in the whole project, did you not?—A. He was interested on his own account.

Q. Yes, on his own account, I mean?—A. Long before it had anything to do with Beauharnois Corporation, any more than the man in the moon.

Q. Nothing to do with the Beauharnois Corporation, but it had to do with the development of water power in the Soulanges section?—A. I don't know.

Q. Did it, or did it not have any?—A. I don't know what he was after; he was after something down there.

Q. But according to the accounts in Exhibits 143 and 144 you had conferences with Senator McDougald?—A. In so far as it concerned the Sterling Industrial Corporation.

Q. In so far as it concerned what?—A. The Sterling Industrial Corporation.

Q. You say it referred to nothing else but the Sterling Industrial Corporation?—A. As far as I know.

Q. Nothing dealing with the incorporation of the Beauharnois Power Corporation?—A. Nothing as far as I know.

Q. When you say it referred to the Sterling Industrial Corporation do you mean it referred to the Sterling, or the development of water powers in the Soulanges section?—A. I did not know he had any interest in the development of water powers except through the Industrial Corporation. If he was in some other companies I did not know anything about it—on his own account—I did not know anything about it.

Q. And, later, through the Beauharnois Power?—A. Later, of course, he came into the Beauharnois thing.

Q. And you advised him through the whole of these interests?—A. I advised him occasionally if he asked me.

Q. Did he ask you frequently anything?—A. He might have. How can I tell? If I met you four years ago and you asked me something, how can I tell whether I spoke to you or whether I didn't?

Q. Do you say you do not remember what you advised him upon, other than what is in your books?

Mr. ROBERTSON: Mr. Mann, that is hardly a fair way to put it, because the entries in the books are not his work.

Mr. MANN: I have got to get it from somewhere. I cannot get it from you; I suppose you do not know.

Mr. ROBERTSON: No; I am suggesting that you should not put the question.

The WITNESS: Mr. Mann, I tried to tell you some days ago, and I tried to get it into your head to-day, as Mr. Meighen says, if I can get it into your head.

Mr. MANN: I cannot get it into my head, Senator Haydon.

The WITNESS: Then we will leave it out.

Mr. MANN: Try to get it into my head.

The WITNESS: No; just leave it the way it is; take it or leave it; do as you like with it.

By Mr. Mann:

Q. Were you kept advised in any way by Mr. Ebbs as to the administration of Senator McDougald's interests?—A. No, I did not follow the development of the company at all. I was not here three days a week, two days a week. I did not see Mr. Ebbs sometimes for a month or two at a time.

Q. I do not want to trouble you too much, but I merely would like if you would not mind letting me ask my questions; I quite appreciate that it may be difficult for you, but I would like you to let me ask the questions and then you answer them; I did not ask you anything about incorporation or incorporations; I asked you if you were instructed or informed by your partner, Mr. Ebbs, in connection with the circumstances of the transfer from Clare Moyer of his interest in the Beauharnois Syndicate and Beauharnois Power Syndicate to Senator McDougald?

Hon. Mr. CANNON: If he was, what evidence is that?

The WITNESS: I was not.

Mr. MANN: Go on and tell.

The CHAIRMAN: He is answering the question.

Hon. Mr. CANNON: There will be no more assuming here, as far as I am concerned.

Hon. Mr. McMEANS: I think under the circumstances counsel should refrain from talking to each other.

By Mr. Mann:

Q. Just prior to the elections of 1930 did you occupy any position of trust in respect of Federal campaign funds?—A. Oh, I suppose you can put it that way. I had occupied positions of trust for twenty years. It was nothing new to occupy any position of trust that year or any other year.

Q. Then what was the position you did occupy? I may tell you that I am referring particularly to the funds which Mr. Sweezey contributed; just tell me the position you occupied?—A. Well, I don't think I was in any different position from other times. I was general organizer of the Liberal party, and the general secretary of the National Liberal Committee appointed after the convention of 1919, and I followed definitely during the last of the year 1919, the whole of 1920, and the whole of 1921, until March, 1922, when I resigned. There was never any definite appointment of any successor; and just because I had gone everywhere, I suppose, and seen everybody—and I was not dealing in funds of any kind, it was just ordinary organization, going here and there and trying to get men to come and to make reports of situations in counties all over Canada; I had not anything to do with money, had not anything to do with election money or any other kind; I sometimes used to have to pay money away, as far as that went, but that does not matter—a good deal of it for that. There was never any definite successor; because I have done that for two or three years men took it for granted—as they do in political life take much more for granted than they should—I got the jag, and they came from everywhere—"See Haydon; he will do this; ask him about that," and most of my life was spent at that job for ten years. It came in the manner of ordinary devolution that I was expected to be treasurer for this campaign; that is all I can tell you about it.

Q. That is all I wanted to ask you. Now, following that explanation, having in view that it has been stated, and I think without fear of contradiction, that some moneys in the neighbourhood of \$600,000 had been contributed through you or Senator Raymond to the party funds, I want to know how it happened—if you know—that part of those funds were given to Senator Raymond?—A. I gave them to him.

Q. Then the funds were given to you?—A. Yes, I got everything that came, as far as I know, came through R. O. Sweezey to me.

Q. Then you handed over how much to Senator Raymond, do you remember?—A. No. The whole thing was something like \$700,000, as the papers and Commons had it last year; it may be a little more. He got the half of it, as far as I know. I gave half of it to Raymond. It may be that I did not get all of it, and that Raymond got some of it direct from Sweezey. I don't know whether he did or not. None of it came from anywhere else, as far as I know. I said in my statement that it came from Sweezey and not from the company, and it did not matter as you know, whether it came from the company or not.

Q. That is all I wanted you to help me with; you got approximately \$600,000 or \$700,000; you say it is approximately that amount; and as closely as you could divide it in two you did so, and gave the other half to Senator Raymond; that is your answer?—A. That is my answer.

Right Hon. Mr. GRAHAM: He said that Raymond may have got some direct.

By Mr. Mann:

Q. I understood you to say that Raymond may have got some entirely independent?—A. No, part of this direct from Sweezey, instead of it having come to me and handed back to Raymond, part of the lot may have gone to Raymond direct, and did go, as far as I know.

Q. I just want you to tell me about how much of your half of the amount you gave to Senator Raymond?—A. What is a half? Cannot you divide it?

Q. If you will give me something to divide?—A. I have told you the amount; I have told you it was somewhere between \$700,000 and \$750,000.

Q. I see; how much of the half did you give to Senator Raymond?—A. Of what half?

Q. Of the half of the total amount?—A. Damn it, man, I am telling you that the whole amount was divided and Raymond got half of it.

Q. I understood you to say that some of it went direct to Raymond from Sweezey?—A. I don't know how much.

Q. Part of the half went from you?—A. Not part of the half; but part of that whole, \$700,000 or \$800,000, and if you can subtract that from the whole of it and divide it in two, one of those halves was what—

Q. What you gave direct; that is right, Senator?—A. Yes.

Q. Half of the \$700,000, or \$800,000 less what he got from Sweezey would be what you gave direct?—A. No.

Mr. ROBERTSON: You are getting it very badly mixed.

By Hon. Mr. McMeans:

Q. I understood you to say that you got about \$700,000 or \$800,000?—A. Yes.

Q. And that half of it went to Raymond?—A. Yes.

By Mr. Robertson:

Q. And that part of the half may have gone direct?—A. If a man divided \$750,000, the whole of it, \$375,000 is the half of it. Maybe I gave half of that, and maybe some of the half Raymond may have got direct from Sweezey.

By Mr. Mann:

Q. Were you aware, Senator Haydon, during the progress of the Beauharnois Light, Heat and Power Company's application to the Government, of the general progress through the government departments?—A. No.

Q. Did you take any personal interest in that at all?—A. No. It was all done from Montreal, as I understood.

Q. Did you personally take any interest in the passing of the Order in Council 422, March 19th 1929?—A. None.

Q. Or know anything of the details of the application leading up to the passing of that Order in Council?—A. None whatever.

Q. Do you know of anybody in your office that did?—A. No, I would be surprised if anybody did.

Mr. MANN: I think that is all.

By Mr. Robertson:

Q. Just one matter, Senator Haydon; your secretary spoke to me about some correction in the report?—A. Oh, yes, I want that clear.

Q. I think it was said in the official report of your evidence before that it was perhaps open to the construction, in any event, that the conversation with Mr. Sweezey which you spoke of took place at Queen's University?—A. Yes.

Q. I understand you want to say something about that, and correct something or other in the report?

Hon. Mr. McMEANS: Is that regarding this matter that is so much in dispute?

Mr. ROBERTSON: Yes.

The WITNESS: I want to say that the report—if it is in the report—and it is in the newspapers, fixing a conversation that I spoke of with Mr. Sweezey, was not had at Queen's University at any time. It was had in Montreal. That is all.

By Hon. Mr. McMeans:

Q. Do you want to fix the date?—A. I cannot fix the date.

By Right Hon. Mr. Graham:

Q. The newspapers rather left the impression that it was at Queen's University?—A. Yes, I saw that. What I said was that I first met Sweezey at Queen's University years before.

By Hon. Mr. McMeans:

Q. And you were on the Board together?—A. We were.

By Mr. Robertson:

Q. Is that all that you desire to say?—A. Yes.

The Sub-Committee withdrew at 4.55 p.m.

The Committee met at Room 262 at 5 p.m., pursuant to adjournment.

All members of the Committee and all counsel present.

The CHAIRMAN: Mr. Secretary, you will put in the minutes that the Sub-Committee reported the evidence of Senator Haydon.

Hon. Mr. BÉIQUE: Are you through with the evidence of Senator Haydon?

The CHAIRMAN: Yes. I do not think you were present this forenoon, Mr. Robertson, when we announced that the Committee would be very pleased if you cared to send us a summary of the evidence from your viewpoint, and any conclusions that you think the evidence shows. Senator Béique has expressed the same matter in a typewritten memorandum which I will read:—

For the information, criticism or appreciation of that part of the public who may be interested in or have followed the proceedings of this Committee, may I be allowed to say that as this Committee has now to find out in the voluminous evidence which has been adduced before us as well as is contained in the report of the Special Committee on the Beauharnois Power Project, session of 1931, a volume of 1019 pages, the evidence pertinent to the reference Messrs. Mann and Smith have been requested to prepare for the Committee a summary of the evidence pertinent to the reference which may be found in the volume above-mentioned or has been adduced before the Committee, with reference to the pages where such evidence is to be found and their own conclusions to be drawn from the same, and that they have also been instructed to request the attorneys acting for the honourable members of the Senate concerned in the reference to also likewise prepare a summary of their own of the same evidence and their own conclusions, in order that the whole may be weighed and passed upon by the Committee.

Mr. ROBERTSON: I suppose that any brief that we put in should be properly confined to the matters that are mentioned in the Commons report. I mean this, that it is the report of the Commons, after all, that is the matter which is referred to this Committee, and that the Committee is dealing with, and that you have to pronounce upon.

The CHAIRMAN: You can use your own discretion. When this Committee reports to the Senate the whole matter will necessarily be discussed in the Senate.

Mr. ROBERTSON: Yes, quite so.

The CHAIRMAN: And the decisions will be made in the Senate, and not here.

Mr. ROBERTSON: In our briefs we are not to travel outside of the subject matters of the Commons report.

Hon. Mr. McMEANS: Oh yes, on the evidence that has been taken here as well.

Mr. ROBERTSON: Yes, but it must be evidence relevant to the matters that are reported in the Commons report.

Right Hon. Mr. GRAHAM: Adhere to the Senate reference and you will not be wrong.

Hon. Mr. DONNELLY: But the order of reference asks this Committee to take further evidence.

Mr. ROBERTSON: Yes, but it must be evidence relevant to the report in the Commons.

The CHAIRMAN: Precisely.

Hon. Mr. CANNON: There was a question of setting the date for filing these briefs.

The CHAIRMAN: Yes, the Committee would like to have the summaries as soon as possible. I suggested the end of next week.

Hon. Mr. CANNON: Don't you think it would be fair if a date was set? To whom will the statements be sent?

The CHAIRMAN: To the Clerk of the Committee, Mr. Hinds.

Hon. Mr. CANNON: I think you suggested yourself, Mr. Chairman, that a week from Saturday might be agreeable.

The CHAIRMAN: I did suggest that. If that is agreeable to the Committee it is agreeable to me.

Right Hon. Mr. GRAHAM: Senator Copp made a suggestion this morning that the counsel for the Committee should be asked to name a date when counsel would hand in their briefs, and that would be the date, because we did not want to crowd them.

Mr. MANN: I think a week from Saturday is quite suitable.

The CHAIRMAN: You see, the Senate will not be sitting till after that, and members will be away.

Mr. MANN: I forgot about Good Friday and Saturday and Sunday.

Hon. Mr. McMEANS: Will counsel just put in one copy of the brief, or furnish each one of the Committee with a copy?

Hon. Mr. CANNON: Copies will be furnished to all the members of the Committee.

Mr. MANN: Has it occurred to you that next week is Easter?

Hon. Mr. McMEANS: Cannot you work at Easter?

Mr. MANN: Yes, but I am really asking the counsel if they have thought of next week being Easter?

Mr. COOK: It does make a difference.

Right Hon. Mr. GRAHAM: It may not make a difference with these gentlemen, but it will make a difference with their staffs to get up the documents.

Hon. Mr. ROBINSON: We will not likely be back here until the Tuesday following, will we.

The CHAIRMAN: I really do not know. In any event this Committee is a very flexible body, and if we want these summaries we will see that we get them, even if they are a day or two late.

Hon. Mr. CANNON: I understand the Senate is to adjourn until Tuesday next week. What about fixing the day for the filing of these briefs at the date that the Senate will re-convene after Easter?

Right Hon. Mr. GRAHAM: Fix the date by which we re-assemble.

The CHAIRMAN: Do you not think you can have them ready by the 26th?

Mr. ROBERTSON: That really means getting them off on Thursday.

The CHAIRMAN: Suppose we get them on Monday; we will say Monday, 28th March. If they are a few hours late we are not going to be troubled about it.

Mr. MANN: Give them until Tuesday the 29th.

Hon. Mr. CANNON: What about the 1st of April?

Hon. Mr. McMEANS: I think the best way to settle would be not to send them in at all.

The CHAIRMAN: In the meantime the Committee will adjourn at the call of the Chair. Tuesday the 29th March, will be the date.

The Committee adjourned at 5.30 p.m., to meet again at the call of the Chair.

MINUTES OF EVIDENCE

OTTAWA, Friday, March 18, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any Honourable Members of the Senate, met this day at 2.30 o'clock in the afternoon.

Present: The Honourable Senators Tanner, Chairman; Copp, Graham, Griesbach and Robinson.

Counsel:

Mr. Arthur L. Smith, K.C., Calgary, Alberta, for the Committee.

The CHAIRMAN: Are you ready, gentlemen? We do not want to delay you.

I am sorry to have had to call you gentlemen together, but this morning I received a cablegram from the Hon. G. Howard Ferguson, High Commissioner of Canada, and I did not feel that I should deal with it or reply to it without consulting the members of the Committee. I am sorry that a number of the members of the Committee are out of town on account of the adjournment of the Senate. However, we have a quorum.

The message which I have received is dated at London, March 18, addressed to myself as Chairman of the Committee, and is as follows:—

Have just seen press despatch quoting statement Senator Haydon before your Committee that Robert Swezey President Beauharnois Company had informed him that he could not get a contract with Ontario Hydro Commission because Howard Ferguson would not let it be signed until he got two hundred thousand dollars such statement absolutely false and without a shadow of foundation desire to give evidence before your Committee please wire me am prepared to leave at once.

G. H. FERGUSON.

Now, the point with me is what message I should send to Mr. Ferguson. He being a very important public man I thought I should have the advice of the Committee.

Hon. Mr. ROBINSON: Cannot you tell him you could hold the Committee until he gets here, if he wants to come?

The CHAIRMAN: Just as you say, if that is agreeable. I did not want to wire without knowing what your views would be.

Right Hon. Mr. GRAHAM: He does not define what statement is untrue. I suppose he means that the statement that he—

The CHAIRMAN: Will I have the authority of the Committee to cable Mr. Ferguson that the Committee will hear him?

Right Hon. Mr. GRAHAM: I have no objection whatever.

Hon. Mr. COPP: I have no objection, if you fix the time. That would be the only thing.

Hon. Mr. ROBINSON: We won't be meeting again, probably, until after the 5th, will we?

The CHAIRMAN: I don't think so, not until after Easter; at least we won't have reported before that. Is that satisfactory, then?

Hon. Mr. GRIESBACH: Agreeable.

Right Hon. Mr. GRAHAM: It is to me.

The CHAIRMAN: Then I will wire him that the Committee will hear him. That is all I want to submit.

Hon. Mr. COPP: I think it would be as well to hear him as soon as possible after the 5th of April.

The CHAIRMAN: He says he is ready to leave at once.

Hon. Mr. COPP: That would give lots of time.

Hon. Mr. ROBINSON: We would not want him to expect to be heard before that, because we would not be here.

The CHAIRMAN: This is the 18th, and the 29th is the date we fixed—that is eleven days. He ought to be here before the 29th.

Hon. Mr. ROBINSON: You did not adjourn the Committee until the 29th.

The CHAIRMAN: No, no; the briefs. Of course we will give every opportunity to these gentlemen to be here.

Hon. Mr. ROBINSON: I think you had better not ask him to be here before the 5th.

The CHAIRMAN: Oh, yes. I did not intend to call the Committee for the 29th.

Hon. Mr. GRIESBACH: This development will affect the preparation of the submissions of counsel.

The CHAIRMAN: Yes.

Hon. Mr. GRIESBACH: I suppose counsel can take cognizance, through the press, of what has been said here to-day, and govern themselves accordingly.

The CHAIRMAN: I presume, Mr. Roy, that counsel will receive copies of the printed proceedings anyway.

The CLERK OF THE COMMITTEE: Yes.

Hon. Mr. GRIESBACH: That puts the thing up in the air, but it can be disposed of later.

The CHAIRMAN: They will know. At any rate, we can take steps to see that they do know.

The CLERK OF THE COMMITTEE: Yes.

The CHAIRMAN: If that is satisfactory, we will let the Committee adjourn again at the call of the Chairman.

The Committee adjourned.

MINUTES OF EVIDENCE

OTTAWA, Wednesday, April 6, 1932.

The Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, met this day at 3 p.m.

Present: The Honourable Senators Tanner, Chairman; Béique, Copp, Donnelly, Graham, McMeans and Robinson.

Counsel:

Mr. J. A. Mann, K.C., Montreal, Quebec, and Mr. Arthur L. Smith, K.C., Calgary, Alberta, for the committee.

The Hon. Lucien Cannon, P.C., K.C., Quebec City, Quebec, and Mr. John W. Cook, K.C., Montreal, Quebec, for Hon. Senator W. L. McDougald.

Mr. R. S. Robertson, K.C., Toronto, Ontario, for Hon. Senator Andrew Haydon.

The CHAIRMAN: Are you gentlemen ready?

Mr. MANN: We are ready, Mr. Chairman.

The Hon. Mr. Ferguson sent a telegram from London on the 18th of March requesting to be heard before this Committee, and in response to the reply to that telegram is here. I will ask Mr. Ferguson to take the witness' chair and to be heard.

The Hon. G. HOWARD FERGUSON, Canadian High Commissioner, London, England, was called as a witness and testified as follows:

By Mr. Mann:

Q. Mr. Ferguson, you are His Majesty's High Commissioner for Canada resident in London?—A. I am.

Q. Did you send a telegram to the Hon. Charles E. Tanner, on the 18th of March, reading as follows:

Have just seen press despatch quoting statement Senator Haydon before your Committee that Robert Sweezey, President Beauharnois Company had informed him that he could not get a contract with Ontario Hydro Commission because Howard Ferguson would not let it be signed until he got two hundred thousand dollars such statement absolutely false and without a shadow of foundation desire to give evidence before your Committee please wire me am prepared to leave at once. G. H. Ferguson.

A. Yes.

(Telegram filed, marked Exhibit No. 145.)

Q. In reply to that telegram did you receive a telegram from Senator Tanner of which this is a copy?—A. Yes.

By Hon. Mr. Copp:

Q. What is that?—A. It says:

Committee will hear you stop Important come early as possible stop
Please wire probable date arrival here.

(Copy of telegram filed, marked Exhibit No. 146.)

By Mr Mann:

Q. In reply to that you wired on the 21st of March, as follows:

Sailing Duchess of Atholl Thursday the twenty-fourth first available
Canadian ship.

A. Yes.

(Telegram filed, marked Exhibit No. 147.)

Q. Mr. Ferguson, when did you hear in London of the statement made by the
Hon. Mr. Haydon at his residence, before this Committee, on the 15th of March?

—A. I was in bed, with a threatened attack of the flu, for about ten days, and I
think it was on a Thursday, which looking it up, is the 17th day of the month.
My secretary came to me at my house and said one of the press reporters had
brought him a copy—it was a typewritten memorandum purporting to be a copy
of a despatch repeating pretty well what is in my telegram. And he said the
day before—he said: “Yesterday Champion”—that is another press reporter
over there—“came to me with a similar despatch and asked me about it.”

Q. The day before? That would be the 16th?—A. Yes, if I am right in my
dates it would be the 16th. He said: “I didn’t trouble you about it.” But I
just said to him it was all rot, or something like that.

Q. I draw your attention to the Canadian press cable of the 16th which
refers to the statement made in reply to the statement made by Hon. Mr. Haydon
as being utter rubbish?—A. That may have been it. It was my secretary did it.
I didn’t see the thing until the next day. I was in bed.

Q. Following that the cables to which we have referred passed between you
and Hon. Mr. Tanner?—A. Yes, and at the same time I wired Mr. Bennett—
dictated a telegram to Bennett telling him what I had done and saying I would
like to know—asking his approval of my coming, or something of that kind.

Hon. Mr. COPP: Is that telegram on file?

Mr. MANN: I haven’t got that telegram. I didn’t know about it.

Hon. Mr. COPP: It would be as well to have them all.

Mr. MANN: I have no doubt we can get that. The witness says he asked the
Prime Minister’s approval for him coming, and I have no doubt we can get that.

By Mr. Mann:

Q. And no doubt you got the approval?—A. Oh, yes. The Prime Minister
wired back just as Hon. Mr. Tanner wired.

Q. I read to you the statement made on the 15th of March by the Hon.
Senator Haydon, reported at page 202 of the proceedings of this Committee.

As far as I remember—as far as I remember my first conversation
in respect of Beauharnois, of any consequence at all, was with Mr.
Swezey. There were some others present; I don’t remember all who they
were. I saw in the papers that he had been sued or was going to be sued
by people from London which run publicly under the name of the Great
Lakes Transportation and Power Company. He always seemed to me
one who was ready to go into ventures quite freely, from the time I first
saw him. I first saw him at Queen’s College on these boards, and in
respect of the discussion of investments and things I first became acquaint-

ted with him. I asked him on this occasion—it was sometime before 1929, or the beginning of 1929, perhaps—asked him what good was Beauharnois. It didn't seem to me it was of any value, because he had no takers of power. I asked him if he had any contracts for power. He said no, he had not particularly. He talked about Americans who would come and settle along the river, and enterprise would begin. I said to him: "What is the good of them if you don't have something nailed down?"—I think I used the word that you have been asking me to repeat, "moonshine"—"This will never get anywhere. It is not any good." "Oh," he said, "but then we have a contract in sight." I said, "where or how?" I had never heard of this before. He said with the Ontario Hydro Electric Commission. I said, "Why don't you get it signed and get something solid?" And his answer was, "Howard Ferguson won't let it be signed until he gets \$200,000." I said nothing more and heard nothing more about Beauharnois for a good time.

Have you a statement to make in respect of the statement made by Senator Haydon as being the statement made by Mr. Sweezy, and in respect of any of the substance of any such statement?—A. Yes, of course, Mr. Mann, no such conversation ever took place between Mr. Sweezy and I. As a matter of fact, I think I have never seen Mr. Sweezy but twice in my life. I recall that the first time he came to me with Mr. Frank Jones of Montreal, and they were in my office for a few minutes. I am speaking from recollection. I think it was long before the question of power contracts was up at all, and, as I recall, their purpose was to ascertain if Ontario was in the market for more power, and I said it was the policy of the Government, as advised by the Hydro Commission, to look after these things; that we were increasing our consumption something, I think, over 100,000 a year, and that we would have to make provision for that, and that it was wise for us to buy all the available power that seemed to be in sight; and I thought, if they went and saw the Hydro Commission, and they could make an arrangement, that the Government would be prepared to approve the Hydro contract, and I suggested that they should go and see the Commission,—Mr. Magrath, the Chairman—as we do not negotiate contracts at all, don't have anything to do with them.

Then I saw Mr. Sweezy the next time in Montreal. The Hydro reported that all the details of the contract had been worked out satisfactorily between the Commission and Mr. Sweezy, but a question arose as to the export of power, and naturally that would have to be dealt with by the Governments, and the proper channel to approach the Province of Quebec was the Province of Ontario, and in that way I arranged to meet Mr. Taschereau in Montreal. The purpose of that meeting was to get approval. So that you will understand the position, I may say that Mr. Taschereau was insisting that none of this Beauharnois Power should be exported to the United States. They were prepared to co-operate with the Province of Ontario and to permit the power to go there, and that sort of thing, he said, "But we won't permit it to go to the United States." Now, it so happens that we have two licences from the Federal Government—we had, in Ontario—permitting the export of power to the United States from Niagara. One of those licences, if not both, was inherited when we purchased certain plants at Niagara. They had attached to them export rights—I have forgotten the amount—and my going to Montreal was to discuss with Mr. Taschereau that so long as we did not export more than the licences permitted we were not encroaching on Quebec power. The whole thing went into the same pot, as power. After a discussion lasting, I think, a good part of the morning—Mr. Taschereau, I think, had Mr. Mercier there, I am not sure; and Mr. Geoffrion was there; and I had taken Mr. Magrath, the Chairman of our Hydro Electric Commission, Mr. Gaby, the Chief Engineer, and Mr. Strachan Johnston, as counsel—and after that difficulty was reconciled and arranged, then it became a

matter for the lawyers to sit down and draft the necessary orders in council and that sort of thing. And Mr. Geoffrion and Mr. Johnston sat in a sitting room in the Windsor Hotel and threshed that out, and finally drafted them, and I think they both initialled each draft order, and then the Commission was authorized by the Ontario Government, under the terms of that order, to execute that contract.

Those are the only two cases on which I ever saw Mr. Sweezey in my life, and I had no conversation with him anywhere except when there was somebody there—there were half a dozen or a dozen people in the room—and I never saw him afterwards and have never seen him since.

Q. And no part of any conversation you ever had with Mr. Sweezey could possibly be interpreted to mean anything like what was said, in any way, shape or form?—A. Oh, nobody, either myself—

Q. Directly or indirectly?—A. Directly or through anybody else, ever made any approach or had any discussion with Mr. Sweezey about money under any circumstances, or with the Beauharnois or anybody connected with it. Never heard of such a thing.

Q. Mr. Ferguson, did you come here at your own expense entirely with the intention of returning to London at your own expense?—A. I am paying so far, and I expect I will pay it all. Yes, I came here because it was a personal matter, a matter touching my own personal integrity, and I told the Prime Minister, I think, that I proposed to come at my own expense.

By Right Hon. Mr. Graham:

Q. That 100,000 that you referred to, of an increase—just to clear it up—you meant 100,000 horse-power?—A. 100,000 horse-power a year. Our expansion was very rapid at that period. Perhaps you will permit me to explain. We were looking forward to the St. Lawrence, looking forward to the Interprovincial Ottawa power. Mr. Taschereau and I had discussed that a number of times. Mr.—what is his name? Amos, isn't it?

By Mr. Mann:

Q. Amos?—A. Mr. Amos and our experts. I had gone to Quebec to see Mr. Taschereau a number of times to see if we could not make some arrangement for development on the Ottawa, where there was a million horse-power, and there was a question as to the Shanley Line, which you know all about. We thought we were going to reach an agreement with regard to the Carillon. Then, following that there was the St. Lawrence. Well, that had been discussed, and the engineers advised us that no matter when it was decided or how it was decided the development alone, the work alone, would take a great many years, six or seven or eight years, I have forgotten what. If we were going to increase our power consumption at the rate of 100,000 horse-power or upward for six or eight years it meant 600,000 or 800,000 horse-power, and we wanted to be prepared to meet that demand, and that is the reason we were trying to buy power where available outside the Province of Ontario.

Q. I merely asked to make it clear on the record?—A. I thank you. I did say 100,000. I didn't say whether dollars or horse-power. Our load ran up one year 150,000 horse-power, I think, and we were concerned about the future.

By Mr. Robertson:

Q. Mr. Ferguson, so far as my client, Senator Haydon, is concerned, I take it that you do not claim to know anything at all about his conversations with Mr. Sweezey?—A. Nothing whatever.

Q. You are not saying anything about what Mr. Sweezey said to him?—A. No.

Q. As my friend Mr. Mann has been putting the questions to you, he has rather put it that the statement that Senator Haydon says was made to him implied that there had been a conversation necessarily between Mr. Sweezey and you about the matter referred to. I call your attention to that in case you want to make a broader statement?—A. I thought I had cleared it up, Mr. Robertson. If I have not, I would like to make it just as broad as you or I can make it, that never on any occasion did I have any conversation with Mr. Sweezey with respect to money or contributions or anything of that kind.

Q. I am afraid I am not making myself quite understood?—A. I am sorry.

Q. The statement that Mr. Sweezey is said to have made to Senator Haydon does not necessarily imply that there had been any conversation between you and Mr. Sweezey about this matter. You know the exact terms—that you would not let a contract be signed?—A. You mean that someone else may have told him that I would not let it be signed?

Q. It might be that. I am calling your attention to that so that you may make it that broad?—A. I hadn't thought of that. There is no foundation for such a statement at all.

Q. Now, you have referred to the fact that Mr. Sweezey and Mr. Jones had called upon you at one time?—A. Yes.

Q. You mean Mr. Frank P. Jones?—A. Yes.

Q. Have you any way of fixing approximately the time of that?—A. It is so long ago—

Q. See if I can help you. I have here the debates of the House of Commons, in which reference is made to certain correspondence that had been laid on the Table, which includes a letter from you to Mr. Taschereau of the 19th of November, 1928. Perhaps I had better read a little here.

Owing to the undoubted delay there will be in regard to the settlement of the development of the St. Lawrence and Ottawa river powers, and the rapidly increasing demand for power in Ontario, I feel that we will probably again in the near future have to take advantage of your goodwill and secure a further supply from some point in your province.

I am sure I need not assure you again, as I have done in the past, of our appreciation of your attitude towards Ontario and her power problems by voluntarily making such generous provision a condition of your approval of the Beauharnois undertaking. If I am right in my view as to our early requirements of power, Beauharnois would seem to me to be a very convenient and favourable point from which to procure our requirements.

I call your attention to that as indicating that at that time you had Beauharnois in view?—A. Yes.

Q. Does that assist you at all?—A. I don't know that it does, Mr. Robertson, because I cannot recall that Beauharnois was discussed by Mr. Sweezey and Mr. Jones and me. It was the general proposition, as I recall it—would we be in the field? Would the Hydro Commission be in the field for more power?

Q. It is also in evidence before this Committee, by way of evidence taken before the Commons Committee, that on the 5th of June, 1928, Mr. Jones and Mr. Sweezey were appointed by the Beauharnois Light, Heat and Power Company to search out and make contracts for the sale of power?—A. That might be. I am speaking only from recollection.

Q. I am suggesting that this visit was really a visit to see if they could interest you in Beauharnois power?—A. They may have mentioned Beauharnois power. I don't remember. The purpose of their visit, as I said before, as I gathered, was to find out whether or not there was a possibility of our wanting more power; and I told them just what I have said to you. It was very brief. I suggested that they should go to the Hydro.

Q. Under the Power Commission Act the Commission cannot make a contract to buy power except with the approval of the Lieutenant-Governor in Council?—A. Yes. The provinces, in other words, are the bankers for the Commission and the Commission make recommendations and they are authorized by Council.

Q. And when we get to discussing 250,000 horse-power at \$15 a horse-power, this was a contract running into millions? It was one on which the province was taking some responsibility?—A. A very substantial contract. We had made larger ones than that.

Q. Did you see Mr. Jones any more?— Did Mr. Jones?—A. No.

Q. He seems to have been very active in some respects. Didn't he trouble you any more?—A. I never saw either of them again until I saw Mr. Sweezey in Montreal.

Q. Or have correspondence with them?—A. No.

Q. Or with Mr. Jones?—A. No. As a matter of fact, I was wondering why Mr. Jones was there. I had not had any discussion with either of them about power, and I didn't know what his relationship with Mr. Sweezey was very much, speaking from recollection. I had known him as F. P. Jones, manager of the Canada Cement Company.

Q. Coming to the next period, you had that meeting with Mr. Sweezey. I find it is also upon record here in the same way as the other, in Exhibit 53, that the Power Company, the Beauharnois Light, Heat and Power Company, on the 28th of October, 1929, passed a resolution—the directors passed a resolution approving of the contract and authorizing its execution with the Commission?—A. Yes.

Q. That was on the 28th of October, 1929?—A. At that time I was not paying much attention.

Q. No. You had an election on your hands?—A. Yes, another kind of power.

Q. However, you got a chance to attend to it a little later?—A. Yes.

Q. Do you recall the date of your visit to Montreal, or was it to Quebec?—A. Montreal, the Windsor Hotel.

Q. Mr. Sweezey was there?—A. I think so, yes. I am almost certain he was.

Q. I always like to get authority that will be recognized, so I have taken the Daily Mail and Empire of Toronto of November 28, 1929. Let me read a little. I will skip the headlines as not being news. It says:

Power agreements by which Ontario eventually will get 525,000 horse-power of electrical energy were negotiated virtually to the signing stage by Premier Ferguson during his trip to Montreal, he announced yesterday.

One agreement, the largest, is now all ready except for signing. This is the contract with the Beauharnois Company of Montreal, whereby the provincial hydro commission will buy up to 250,000 h.p. from the huge development being started between Lake St. Joseph and Lake St. Louis near Montreal on the St. Lawrence.

Mr. Ferguson, who was accompanied by C. A. Magrath, hydro commission chairman, conferred with R. O. Sweezey, head of the Beauharnois, on this contract. Under it, the province will get half of all power that is developed at Beauharnois until it is taking 250,000 h.p. This power will start during 1931 and under the agreement will be all delivered by 1936.

Is that a fair statement?—A. Yes. I cannot verify the date. I suppose the draft orders would show.

Q. I have a copy of the Order in Council here. I haven't only in mind the date of the statement that is attributed to you there, that you had on that

occasion conferred with R. O. Sweezey, head of Beauharnois, on this contract?—A. Well, he was there.

Q. That is the 28th, and apparently it was within a day or two before that that you had been down. Then I have here the Order in Council, or rather a certified copy of it. Perhaps you recognize it as a copy of the Order in Council?

—A. That is the 29th day of November, 1929. Oh, yes. I thought you said October.

Q. No, the 28th of October is the date when the Beauharnois Company, by its directors, authorized the execution of the contract on their part?—A. Quite so.

Q. Now, you are meeting Mr. Sweezey, and pass this Order in Council after having seen him?—A. That is why I said I was busy on another power job.

Mr. MANN: This is the Ontario Order in Council?

The WITNESS: Yes, this is the Ontario Order in Council. That, no doubt, is the order.

By Mr. Robertson:

Q. It is dated the 29th of November, 1929. I do not need to read it through. It says in part:

Upon consideration of the application of the Hydro Electric Power Commission of Ontario, and upon the recommendation of the Honourable the Prime Minister, the Committee of Council advise:

Then the first clause authorizes the execution of this contract, and the rest relates to subsidiary powers given.—A. (No answer.)

(Copy of Order in Council filed, marked Exhibit No. 148.)

Q. Now, the next thing I want to call your attention to is this: That it is also in evidence that within a week from the passing of that Order in Council—that is on the 5th of December, 1929—John Aird received from Mr. Sweezey in bonds and a cheque the equivalent of \$125,000, which Mr. Sweezey has sworn before this Committee he paid, understanding that it was for the purposes of the Conservative Party in Ontario. That is within a week of that Order in Council. You were aware of that, were you?—A. Yes, I have seen that in the press.

Q. Have you had the privilege of reading Mr. Aird's explanation?—A. I had press reports of it. I don't remember—

Q. Now, I just want to summarize the situation and ask a few questions. We have then these few circumstances strung along there together: first, we have the contract authorized by the Beauharnois Company on the 28th of October; then we have your meeting in Montreal with Mr. Sweezey; late in November we have the Order in Council?—A. My meeting was with Mr. Taschereau.

Q. And with Mr. Sweezey?—A. Mr. Sweezey was there.

Q. And we have the Order in Council authorizing the agreement, on your recommendation, on the 29th of November. Then on the 5th of December, within a week from that time, we have Mr. Sweezey giving Aird \$125,000 which he says he gave understanding it was for the Conservative party in Ontario. Do you know anything about when the Hydro contract was in fact delivered?—A. No, I could not tell you. But just let me clear up one thing, Mr. Robertson. The Order in Council reads, of course, "on the recommendation of the Prime Minister," because everything that comes before Council must be on the recommendation of some Minister; and such things as the T. & N. O. Railway, and other public utilities of that kind, including the Hydro, are dealt with through the Prime Minister. And when the Hydro came to me with a recommendation of any kind, I took it into Council, you see, and we thrashed it all out and, if it was agreed on I signed the recommendation just as a minister.

Q. The point I want to put to you is this, that having in view this set of circumstances occurring on the dates I have mentioned, are you satisfied with John Aird's explanation regarding the money he received, and content to let it go at that, or would you prefer that the Aird matter should be investigated until we know all about it?—A. Of course, Mr. Robertson, you must not attempt to drag me into dealing with Ontario policy. That is a matter for the Ontario Government and not for me. But I want to make this clear to you: as I said a while ago, I never saw John Aird but once in my life, and I would not know him if he came into this room. I recall the occasion I saw him. As a matter of fact, I would not recall the occasion I saw him if I had not seen some statement where he said he had come to see me once, and it arose after I think I had announced on behalf of the Government that we were going to make a contribution towards industrial research or technical education, or something of that kind, and this man came to see me. I did not know him at all; somebody may have sent him,—I don't know how he came. And he wanted to talk about power development, and I said to him, "Now, the man to talk to about that is the Chairman of the Ontario Hydro Commission. They deal with all those things. I have nothing to do with that." That is the only occasion on which I saw him. Now, as far as any statement of his that a contribution was made, or, at least, any statement from any source, I do not know what took place between him and Mr. Sweezey, but I want to say most emphatically, as I said a moment ago, that neither through me or with my knowledge or approval, either directly or by hearsay, did I know or ever hear that Mr. Sweezey, Beauharnois, or anybody connected with the organization had ever made a contribution to Ontario party politics or to any party, whether Liberal or Conservative, in any part of Canada. I never heard it until it came out, I think, a year ago before your Committee.

Q. Now, I quite hear you say that, but my question is rather this, that having in mind the set of circumstances that I have mentioned, and the admitted fact that the money was paid, and the sworn statement of Mr. Sweezey as to his purpose or understanding in paying it, I want to know whether you are content to let the matter rest on John Aird's explanation, as many of us know it?—A. I prefer to give you my own explanation or declaration, rather than anybody else's.

Q. But as to the fact of the \$125,000 having been paid and the purpose for which it was paid, in view of the conflicting statements and of the nature of the evidence already given by John Aird, if you are at all familiar with it, I want to know if you are satisfied to let it stand that way?—A. I do not think you are entitled to ask me a question of that sort.

Q. I beg you pardon?—A. I do not think that is evidence here.

Hon. Mr. McMEANS: What power would Mr. Ferguson have over it?

Mr. ROBERTSON: I have not asked anything about his power.

Hon. Mr. McMEANS: No, but you are asking him if he is content to let the matter stand where it is. What power would he have to disturb it?

Mr. ROBERTSON: I should think that if Mr. Ferguson expressed a request that it should be investigated further, this Committee would do it. It has or can get the power.

The WITNESS: That is a matter for the Committee, you see.

Mr. ROBERTSON: I propose to ask the Committee to do that.

Mr. MANN: I wonder if it would not be fairer for Mr. Robertson to read the statements to the witness. They conflict.

Hon. Mr. COPP: What conflicting statements do you refer to?

Mr. MANN: The statement that Mr. Sweezey made and the statement that Mr. Aird made before the Commons Committee.

Mr. ROBERTSON: Do you want me to read that long evidence of Aird?

Mr. MANN: No; an inch on page 823 and another inch on page 849.

Mr. ROBERTSON: If you think I have not properly summarized it—

The CHAIRMAN: Of course, you would not expect this Committee to send a recommendation to the Ontario Government, would you?

Mr. ROBERTSON: No.

The CHAIRMAN: I do not know what you are driving at.

Mr. ROBERTSON: I am driving at what was said in answer to certain questions that were asked in the Senate and the answers that were made by Senator Meighen, that if this Committee desired certain power the matter would be considered. So that the Committee is not quite so helpless.

By Mr. Robertson:

Q. I want to put it this way: you will understand that I have had all kinds of questions suggested to me, but I have declined to ask them. But I do think, however, that having put before you these very plain and unquestioned facts with the two statements, that I am entitled to know whether you are satisfied. If you do not want to answer, all right.—A. Of course, the tribunal is the Committee here. It is not for me to suggest to them what they should investigate. I have no purpose of doing anything of the kind. I came here with the sole object of vindicating my own personal integrity, and that is what I am attempting to do. Now, it is for the Committee to decide whether they are satisfied, or what further they will go into, just as it is for the Ontario Government to decide what investigation they will make. You forget, you know, that I am not in politics any more.

Q. But let me remind you that this Committee had ruled long ago that this matter was not open to this Committee. It was at your particular request, for the purpose of allowing you to vindicate yourself—and I am not at all dissenting from what the Committee has done—that you were called and have been allowed to give this evidence. I am merely putting this question: Is it to stop here, with the story of the facts as given by John Aird on one side and by Mr. Sweezey on the other, or do you desire that it should be further inquired into?—A. I am very grateful to the Committee for the opportunity it has given me, and I am very grateful to you for assisting me. But I must say that I do not think it is a proper thing for me to suggest what the Ontario Government or this Committee should investigate.

The CHAIRMAN: All this trouble that this Committee was put to was caused by Senator Haydon making a voluntary statement that he did not have to volunteer.

Mr. ROBERTSON: May I say—

The CHAIRMAN: I am not going to argue.

Mr. ROBERTSON: I am not trying to argue, but I merely want to say that, if you will remember, I desired to open this matter long before Senator Haydon said anything about it.

The CHAIRMAN: I do not know anything about that; but that is why this Committee has been moved to all this trouble and Mr. Ferguson has been called, very properly, upon his honour to come here.

Hon. Mr. McMEANS: At his own expense.

Right Hon. Mr. GRAHAM: It has been worth while.

The WITNESS: I think so. I neither begrudge the time nor the expense.

The CHAIRMAN: We are delighted to see him.

Mr. MANN: I have nothing further to ask, Mr. Chairman.

By the Chairman:

Q. Have you anything further you wish to say, Mr. Ferguson?—A. No, there is not anything I can think of that would be of any assistance in the matter. The thing I had in mind was the one point, you see.

Q. Yes, exactly. That is what the Committee wanted to hear about.—A. Like most decent fellows, after a long public career you are charged with all kinds of things. I may have been guilty of lots of things, but nobody has been able to besmirch my personal integrity.

Q. We are very sorry that you have been put to so much trouble, but we are very glad to have you here.—A. I have enjoyed it very much. This atmosphere is more congenial than an office in London.

The CHAIRMAN: I understand that counsel have some witnesses they wish to recall to correct some evidence.

Mr. SMITH: Yes, sir.

Mr. L. CLARE MOYER was recalled as a witness, and testified as follows:—

By Mr. Smith:

Q. Since the Committee last sat, you have had made available for you certain bank records?—A. That is correct.

Q. And you formerly gave your evidence of certain transactions from memory?—A. Yes.

Q. As I understand it, you want to make a correction in what you then said?—A. Yes. When I was examined previously I was speaking from memory of events that had happened four years previously. Since then, as Mr. Smith has suggested, I have obtained the definite records of the banks in which certain deposits were made and certain cheques issued. You will recall, Mr. Chairman, that my evidence dealt with three payments to the Marquette Investment Corporation for part interests in my name on behalf of my principal, the late Winfield B. Sifton. Those three payments were \$15,000, \$15,000 and \$16,000 respectively. On March 31, 1928, I deposited \$15,000 in cash in the Bank of Nova Scotia, New York. On April 4 I issued a cheque for \$15,000 to the Marquette Investment Corporation. That cheque, I believe, the records before the Committee will show was cashed by the Marquette Investment Corporation on the 6th of April. That disposes of the first payment. Now, the second payment. On the 17th of May I deposited in the Bank of Nova Scotia, New York, a second payment of \$15,000. On the 18th of May—by the way, this second deposit was by way of a bank draft. On the 18th of May, the next day I issued a cheque for \$15,000, to the Marquette Investment Corporation.

By the Chairman:

Q. That was the second instalment on the \$30,000?—A. That is correct. This second cheque, I believe, was cashed by the Marquette Investment Corporation on the 19th of May. That disposes of the second payment. And the third payment: On May 23 I deposited in the Standard Bank, Ottawa, a bank draft for \$16,000. On the 26th of May I issued my cheque in favour of the Marquette Investment Corporation for \$16,000. This cheque was cashed by the Marquette Investment Corporation on the 1st of June.

Q. That was the 10 per cent on the 1,600 shares, was it?—A. That is correct.

By Mr. Smith:

Q. And you have also learned that your subscription for those 1,600 shares was made on the 10th of May, 1928?—A. That is correct.

By the Chairman:

Q. That is the second 1,600 shares?—A. Yes.

By Right Hon. Mr. Graham:

Q. Just for information, what constituted the Marquette Investment Corporation?—A. It was a company acting at that period as trustees, I believe, for the Beauharnois Syndicate, and then subsequently for the Beauharnois Power Syndicate, and continued to act until these syndicates merged into what became the Beauharnois Power Corporation.

By the Chairman:

Q. Is that a Montreal company, that Marquette company?—A. Yes sir.

MAURICE C. COLLINS, office manager of the Beauharnois Power Corporation, Montreal, appeared as a witness, and, having been duly sworn, testified as follows:

By Mr. Smith:

Q. What is your position, Mr. Collins?—A. Office Manager of the Beauharnois Power Corporation.

Q. And you have charge of the records of the Corporation and the Marquette Investment Corporation?—A. Yes sir.

Q. I am showing you three vouchers: No. 188, dated 12th April, 1928; No. 189, dated 14th April, 1928, and No. 218, dated 14th May, 1928, showing certain payments made to Mr. Winfield B. Sifton, together with the accounts rendered by him and the cheques issued covering those payments.

Hon. Mr. McMEANS: What do you say these are?

Mr. SMITH: They are simply three vouchers, together with the accounts rendered and the cheques in payment of the accounts, payable by the Marquette Investment Corporation, which was the disbursing corporation of the Beauharnois Syndicate, payable to Mr. Sifton. I may say that the only reason they are being put in is in an effort to locate exactly the date of a certain visit of Mr. Sifton in New York.

(Three vouchers of Marquette Investment Corporation: No. 188, 12th of April, 1928; No. 189, 14th of April, 1928, and No. 218, 14th of May, 1928, filed, market Exhibit No. 149).

By Mr. Robertson:

Q. Mr. Collins, do you happen to have the information as to when the contract between the Hydro-Electric Power Commission of Ontario and the Beauharnois Light, Heat and Power Company was delivered?—A. I do not quite understand your question. "Delivered", how do you mean?

Q. Exchanged between the parties.—A. Do you mean when the contract was signed?

Q. Signed and delivered.—A. I haven't it here.

Q. You could get it?—A. I presume I could.

Q. You could send the information over promptly?—A. I could get it this afternoon. You would like the date it was signed?

Q. Yes, if the Committee will permit.

The CHAIRMAN: What do you want?

Mr. ROBERTSON: I want to get the date of the delivery of the contract between the Hydro-Electric Power Commission of Ontario and the Beauharnois Light, Heat and Power Company, the date when the parties exchanged the document completely signed.

The CHAIRMAN: I think we shall have to move to Toronto.

Hon. Mr. McMEANS: No, to Montreal.

By Hon. Mr. McMeans:

Q. You can get it by telephone, can you?—A. Yes, sir.

Q. How long will it take you?—A. Probably half an hour.

By Mr. Robertson:

Q. I do not want the date of the document, you know.—A. That is what I thought you meant.

Q. I expect that what happened was this, that it was signed by one party and then sent to the other, and then signed by the other and sent back.—A. That will take me longer to get. What I thought you wanted was the date of the formal document.

Q. No, I want the date when it was exchanged between the two parties as a complete document.

Hon. Mr. BEIQUÉ: It can be understood that they could write a letter, stating the date.

The WITNESS: That information I would have to get from Montreal.

Hon. Mr. McMEANS: Senator Béique suggests that if he sends a letter it would not be necessary to recall him.

Mr. ROBERTSON: No, I should think that would be all right.

Hon. Mr. McMEANS: Send a letter to the Chairman.

The WITNESS: All right, sir.

(Letter to be sent by Maurice C. Collins to the Chairman of the Committee, stating date of the delivery of completely signed contract between the Hydro-Electric Power Commission of Ontario and the Beauharnois Light, Heat and Power Corporation Limited, to be marked Exhibit No. 150.)

Miss Lyla BRENNAN, stenographer, of Ottawa, appeared as a witness, and, having been duly sworn, testified as follows:—

By Mr. Smith:

Q. Miss Brennan, what is your occupation?—A. Stenographer with the firm of Haydon and Ebbs.

Q. And you have been there how long?—A. Since the 1st of September, 1913.

Q. And you remember certain books of the firm of McGiverin, Haydon and Ebbs were produced at the time of Senator Haydon's examination?—A. Yes, I do.

Q. You have since been good enough to extract the accounts from those books?—A. Yes.

Q. And have given them to Mr. Mann?—A. Yes.

Q. I am showing you a document. Would you look at that. That appears to be an account of the Sterling Industrial Corporation?—A. Yes.

Q. And an account of the Beauharnois Power Corporation. Exhibit Nos. 143 and 144 were reserved for those documents. I used copies before and they were marked with those numbers. And you have just told me that you have a further account which you are bringing here to-day?—A. Yes.

Q. And the account which you now hand me is an account of the Carillon Industrial Corporation Limited?—A. Yes.

(Statement of account of Carillon Industrial Corporation Limited filed, marked Exhibit No. 151.)

Q. Now, if you will look at these, Miss Brennan, you will observe that in so far as your office is concerned, they all seem to have been treated as one account. For example, if you will take Exhibit 143, which is the Sterling Industrial Corporation, you will observe a balance of \$660.53, which is simply carried forward into the Beauharnois account?—A. Yes.

Q. You did the book-keeping, I believe?—A. No, sir, I did not.

Q. Well, you succeeded as the book-keeper?—A. I have only been doing the book-keeping since last June.

Q. But probably you can tell me the object of the accounts being carried that way?—A. I am afraid I cannot. I did not know why they were carried.

Q. You say you did not keep the books?—A. No.

Q. Do you know of anyone available to-day who can tell me why the Sterling account was simply carried on to the Beauharnois account?—A. I may say that had I been doing the books I might have probably done the same thing, for the reason that the Sterling Industrial account was for Dr. McDougald, and with regard to the Beauharnois account, or what we called the Beauharnois account, in 1928, in the fall of 1928, when Mr. Ebbs first began making visits to Montreal, he was representing Dr. McDougald, and for that reason they probably were looked upon, both of them, as belonging to Dr. McDougald.

Q. And then you will observe the Carillon account also refers to the Sterling account?—A. Yes.

Q. And probably the same answer would be true with respect to that?—A. In as far as I know.

By Hon. Mr. Copp:

Q. You presume that is true? You do not know?—A. I presume that to be true.

Q. You do not know personally anything about it?—A. I did not keep the books.

By Mr. Smith:

Q. You did not actually keep the books?—A. No.

Q. And you do not know who did?—A. I know Miss Fraser kept the books.

Q. Is she still here?—A. Yes. I have not seen her lately but she is a resident of Ottawa.

By Mr. Robertson:

Q. Miss Fraser is no longer with your firm?—A. No.

Q. I understand——

Mr. SMITH: Will you excuse me a second, please?

By Mr. Smith:

Q. Mr. Mann suggests you were in the office at that time?—A. Yes.

Mr. ROBERTSON: That is what I was going to ask.

Mr. SMITH: Perhaps I can help you again.

By Mr. Smith:

Q. Under whose directions were those entries made?—A. Miss Fraser was with the firm twenty-five years and I do not think anybody directed her. She was entirely trusted and I think she put them in of her own accord.

Q. She did not carry on the whole legal practice in the office?—A. No.

Q. So that when a member of the firm had certain transactions, he would naturally instruct the book-keeper when an entry was necessary?—A. When an entry became necessary the entry was made by the stenographer who did the work for the member of the firm.

Q. By way of a daily blotter?—A. Yes.

Q. And these entries arose from those blotters?—A. Yes.

By Mr. Robertson:

Q. And it was not a practice of the members of the firm to dictate entries?

—A. No, not at all. Occasionally entries might be dictated, but it was not the rule in the office.

Q. And as a matter of fact Senator Haydon was absent from the office a very great deal?—A. He was absent a great deal, yes.

By the Chairman:

Q. Was Senator Haydon in his business office yesterday?—A. Yes, he was in.

Mr. JOHN P. EBBS was recalled as a witness, and testified as follows:—

By Mr. Smith:

Q. Mr. Ebbs, you are still under oath?—A. Yes.

Q. Mr. Mann asked you to get all the bills reflecting work done for Beauharnois by your firm, and that work is reflected in Exhibit 144, which deals with Beauharnois. You have already filed an exhibit of your disbursements?—A. Yes.

Q. But this Exhibit 144, you will observe, represents legal work done for Beauharnois?—A. Yes.

Q. And Exhibit No. 151 represents the Carillon. And No. 143, as you will observe, represents Sterling, and No. 144 represents Beauharnois. And your disbursement account is already filed as Exhibit 88.—A. I know about that, but I don't know much about the Carillon.

Q. Never mind the Carillon. What I am interested in is Beauharnois, and it is contained in No. 144?—A. Yes.

Q. And you have also been good enough to produce for me your Beauharnois file, which I now show you. That is correct?—A. That is right.

(File of correspondence and other documents relating to the incorporation of the Beauharnois Power Corporation, filed, marked Exhibit No. 152.)

Q. So that the Beauharnois account and the Beauharnois file reflect the work which was done by your firm for that concern?—A. I think that is right.

Q. Pardon?—A. I think that is correct, yes.

Q. And in the incorporation of the Beauharnois Power Corporation, which was the work done by your firm, you were instructed in that by Messrs. Meredith, Holden, Heward & Holden? I mean, reading your file indicates that they prepared resolutions and that kind of thing for you?

Mr. ROBERTSON: Not quite.

The WITNESS: Oh, I would not say that. A lot of it originated there and was passed on by us and by Lash in Toronto.

By Mr. Smith:

Q. The file indicates that?—A. Yes.

Q. And it will speak for itself?—A. Yes.

Q. And if anyone is interested, you have also given me your files respecting the Sterling Industrial Corporation and respecting the Carillon Industrial Corporation, and these files and their corresponding bills likewise will reflect the work done by your office for these concerns?—A. I presume they do, but I am not sure.

Q. You have given me all the files you can?—A. That is right.

Q. Bearing on this work in your office?—A. That is right.

(File of correspondence and other documents relating to the Sterling Industrial Corporation Limited, filed, marked Exhibit No. 153.)

(File of correspondence and other documents relating to the incorporation of the Carillon Industrial Corporation Limited, filed, marked Exhibit No. 154.)

By Mr. Robertson:

Q. Mr. Ebbs, I have not seen these files that are here, but is it not a fact that Mr. Henry last year got the Sterling file and the Beauharnois file from your office sent to him by registered mail, about a year ago?—A. I know he got the Sterling file. I don't recall the Beauharnois file.

Q. Well, these files that are produced here, where do they come from now?—A. I don't know where they come from now.

Q. I should think that before you started to swear about them you would know about that?—A. He said those are our files.

Q. But what you say is the evidence. I hope you do not swallow everything that comes from Mr. Smith. Do you know where that file comes from?

Mr. SMITH: You have two there. You are talking about "that file."

Mr. ROBERTSON: Well, all right, if there are two there.

Mr. SMITH: You should refer to "those files."

The WITNESS: Here is the file of the Sterling Industrial, which is marked here as Exhibit 153.

By Mr. Robertson:

Q. Where did that come from to-day?—A. I don't know where that came from to-day.

Q. Did you give that to Mr. Smith yesterday?—A. I don't remember giving it to anybody at all but Mr. Griffith, I think.

Q. When did you give it to Mr. Griffith?—A. Mr. Griffith got it just shortly before the part interests were to be turned over for the Sterling.

Q. I understood Mr. Smith to put to you very deliberately and clearly whether you had not yesterday handed him those files?

Mr. MANN: What is the reference?

Mr. ROBERTSON: I want to get the witness's mind straight as to what he is talking about.

By Mr. Robertson:

Q. That is not the file, then, that you handed out yesterday?—A. I don't think I was asked if this was the file I handed out.

Q. You do not know whether it is or not?—A. No; I did not hand out any file at all.

Q. You were being asked, before your going to the file at all, whether you in any way have in your mind whether they represent fairly the work you did; I want to know what you know about that; you answered without looking at the papers?—A. I know that that is the Sterling file. What I told Mr. Smith was—mind you, I didn't have anything at all to do with the Sterling work.

Q. Did you have, for example, the preparation of the minutes for the meetings of the company?—A. No.

Q. Did the firm have to prepare minutes for the company?—A. I believe they did.

Q. Did they have an organization to build up, and have you got anything there about it?—A. Well, now, I don't remember that.

Mr. MANN: Let the witness look before he answers.

The WITNESS: As I say, I don't know much about this Sterling file at all, because I did not incorporate Sterling. I have seen this file; I know our own work here, but I didn't do it.

By Mr. Robertson:

Q. What is the other file you have there?

By the Chairman:

Q. Do you recognize that as a file coming from your office?—A. Yes, I know that that is our file; yes, it is our file.

By Mr. Robertson:

Q. Do you know whether it is your whole file?—A. No; there it is.

Mr. MANN: My friend is suggesting that what he has handed to the witness is not the whole file. I may tell you, Mr. Chairman, that that file was sent to me at our bidding by Haydon and Ebbs' office; and the Sterling file was sent to me by Mr. Christie, Secretary-Treasurer of the Beauharnois Company, at the request, I believe, of somebody in Mr. Ebbs' office, and it was sent to me three or four weeks ago, and has been in my possession ever since.

Mr. ROBERTSON: We said that if there were files anywhere you could have them.

Mr. MANN: You said we could have them.

Mr. ROBERTSON: Yes, but all I am saying is that here is a witness who is answering without looking at the documents.

The WITNESS: No; what I said to Mr. Smith was that I did not incorporate this company at all.

By Mr. Robertson:

Q. I expect Mr. Smith had a purpose in his questions, and I do not know that you have any glimmering of what the purpose is; but I suggest that before you say that that is the work you did you had better find out?—A. No, I did not do the work at all.

Q. What is that file?—A. Carillon.

Q. Did you do work in that?—A. No.

Q. Here is the Beauharnois; did you do the work in that?—A. Yes.

Q. Does that file fairly represent the work you did?—A. Yes, I have looked over this file before.

Q. What did you do?—A. What I say is that it sets out, as far as the written portion of it could go, what we did, but it does not take into account the interviews we had in Montreal, as the result of which a lot of this was charged.

Q. Does it indicate that you spent two hundred days in one twelve months in Montreal? You did that, didn't you?—A. Yes, it was close on two hundred days that I was in Montreal.

Q. Does that indicate that?—A. No, it does not state those two hundred days. This is all the correspondence we had in connection with the company.

Q. Is it not the fact that you had a great deal of work to do that would not be represented by any file?—A. Well, of course the interviews we had there with Mr. Heward and the Swezey Company and the Dominion Securities and the Blake-Lash firm are not there.

Q. And you had many elaborate agreements; they are not there, are they?—A. No.

Q. So that it is a very incomplete file?

By Mr. Smith:

Q. We have heard a lot about two hundred days in Montreal; you went to Montreal at every meeting of the Board of Managers as the nominee of Senator McDougald?—A. Yes.

Q. You speak about important interviews with various people; they are reflected either in your file or in your bill, are they not?—A. Certainly.

Q. They are both in there, are they not?—A. When you say reflected in the bill, what do you mean by reflected in the bill? It means that we were there, and there was something to be discussed at all times. I was not there at any time unnecessarily.

Q. I do not doubt that for a moment; Montreal is a very pleasant place to go to; on the other hand, if you had a lot of interviewing, you are a lawyer of some years' standing?—A. Yes.

Q. You expect your clients to pay you for the work you did?—A. Yes.

Q. I have no doubt that if you had a long and important interview it is reflected in your bill; no doubt about that?—A. I don't know what you mean.

Q. If you have an important interview you are going to charge somebody for it?—A. Yes.

Q. And it is reflected in your bill?—A. All we have there is a statement of the disbursements.

Q. In looking at Exhibit 144 there is anything but disbursements, which is Exhibit 88, which is a separate account; surely in the work of law the work you do is reflected jointly in your bill or your file, or both; no doubt about that?—A. I don't know that I would commit myself to that at all, because you don't put in your bill the length of time, perhaps, that you have taken; you don't reflect in your bill, perhaps, the people you were with, and the length of time, or what you have discussed, or the length of time it has taken to discuss it.

Mr. SMITH: All right.

The CHAIRMAN: Is that all you want to ask him, Mr. Robertson? I do not know whether we are to regard these files as accurate or not, Mr. Robertson.

Mr. SMITH: The witness has made it very plain what they are.

Hon. Mr. BÉIQUE: Does this close the evidence on both sides?

Hon. Mr. McMEANS: Yes, unless something unusual turns up.

The CHAIRMAN: I understand these gentlemen have no more witnesses.

Mr. SMITH: As far as we know we have no more evidence for the Committee.

Hon. Mr. BÉIQUE: Then it closes the evidence?

Mr. SMITH: Perhaps I should say—I think it is my duty to say everything I know in respect to evidence. So far as I know, there are no further witnesses. I have one further matter under investigation which it has been utterly impossible at this time to bring to a conclusion. My present view is that it will not interest the Committee at all. Subject to that one thing, there is not a single thing that I know of that can be brought before this Committee.

Hon. Mr. McMEANS: When are we to get those written arguments?

Hon. Mr. CANNON: I may state to the Committee that our statement is prepared, but we did not file it when we were advised that the Committee were to have additional sittings. We are in the hands of the Committee now, and I think we could file our statement within a very short time.

Hon. Mr. BÉIQUE: The 29th ultimo was fixed for the filing of the briefs on both sides. Now let us fix a date within which they will be all filed.

The CHAIRMAN: Are you sending in a statement, Mr. Robertson?

Mr. ROBERTSON: Yes; I had mine half done when I got word about further sittings. I can finish it within this week.

Mr. MANN: Senator Béique has just asked me the question about the date, and I would say Monday, the 11th instant.

The CHAIRMAN: I think we should have them at the end of this week.

Mr. MANN: That is, Saturday the 9th?

Hon. Mr. McMEANS: We can read them on Sunday.

Mr. SMITH: It might spoil a good Sunday.

Hon. Mr. CANNON: Mr. Chairman, I wish to call your attention to a clerical mistake on page 139 in Senator McDougald's statement, paragraph 2:

(2) I here desire to point out that the report of the Joint Board of Engineers, which was adopted by the National Advisory Committee, favoured a development on the north shore of the St. Lawrence. On the 11th January, 1928, this report was concurred in by a majority of the National Advisory Committee, of whom I was one, having been appointed to this Committee on the 7th May, 1927.

It should read 1924.

Mr. MANN: That was referred to me by the Clerk of the Committee, and realizing that it was undoubtedly a clerical error I told the Clerk of the Committee that it should be 1924, and it has been corrected in the official report.

The CHAIRMAN: I think the Clerk of the Committee has corrected nearly all those clerical errors.

Hon. Mr. COPP: I understand that it is arranged that there will be a copy of each brief prepared by the counsel available for each member of the Committee.

Hon. Mr. BÉIQUE: Yes, they will be sent to the Secretary, Mr. Hinds.

Mr. COOK: Our brief will be printed. It is very short. We have made it as short as possible, but have had it printed so that we can send as many copies as we are asked for.

Hon. Mr. McMEANS: That is a good idea.

The CHAIRMAN: Of course it is understood that those briefs will not be made public by us. Those are for our private use in the meantime.

Mr. MANN: There was another clerical error in Senator McDougald's evidence. He said he was called in 1927. I believe that can be corrected from the Senate records, which show that he was called and sworn in 1926, but he made that statement in error.

Hon. Mr. CANNON: He was summoned to the Senate in 1926, but sworn in 1927.

The CHAIRMAN: That is wrong; he was sworn in on the 9th December, 1926; he was summoned to the Senate on June 25, 1926. You will find the record in the Clerk's office.

Hon. Mr. CANNON: I was under the impression the Session opened in 1927.

The CHAIRMAN: No; the 25th June he was summoned, and the 9th of December, 1926, he was sworn and introduced. Of course these briefs will be the private property of the members of the Committee, and not for publication in any way.

The Committee adjourned, to meet at the call of the Chairman.

Brief of Counsel for the Committee

The following is prepared by Counsel for the Committee in response to a request of the Chairman contained on page 245 of the evidence, which reads as follows:—

The CHAIRMAN: Mr. Secretary, will you put in the minutes that the Subcommittee reported the evidence of Senator Haydon.

Hon. Mr. BÉIQUE: Are you through with the evidence of Senator Haydon?

The CHAIRMAN: Yes. I do not think you were present this forenoon, Mr. Robertson, when we announced that the Committee would be very pleased if you cared to send us a summary of the evidence from your viewpoint, and any conclusions that you think the evidence shows. Senator Béique has expressed the same matter in a typewritten memorandum which I will read:—

For the information, criticism or appreciation of that part of the public who may be interested in or have followed the proceedings of this Committee, may I be allowed to say that as this Committee has now to find out in the voluminous evidence which has been adduced before us as well as is contained in the report of the Special Committee on the Beauharnois Power Project, session of 1931, a volume of 1,019 pages, the evidence pertinent to the reference Messrs. Mann and Smith have been requested to prepare for the Committee a summary of the evidence pertinent to the reference which may be found in the volume above-mentioned or has been adduced before the Committee, with reference to the pages where such evidence is to be found and their own conclusions to be drawn from the same. . . .

The terms of the reference are as follows:

Ordered, That a Special Committee of nine Senators to be hereafter named, be appointed for the purpose of taking into consideration the report of a Special Committee of the House of the last Session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any Honourable Members of the Senate, said Special Committee to hear such further evidence on oath bearing on the subject matter of such report in relation to any such Honourable Members of the Senate as it may deem desirable and in accordance with constitutional practice, and that the said Committee be authorized to send for persons, papers and records.

In view of the above terms it is deemed appropriate to deal with the evidence and Exhibits separately, in so far as the same applies to Senators McDougald, Haydon and Raymond, and this summary will, therefore, begin with Senator McDougald, to be followed by Senator Haydon and then by Senator Raymond.

Reference to pages of the Commons Report will be marked 'A' and where it refers to the Senate Committee will be marked 'B.'

SENATOR W. L. McDUGALD

Senator McDougald, or as he was then, Dr. McDougald, had been extensively engaged in business enterprises for a good many years (B148). He also had been interested in the development of power in the Soulanges section of the St. Lawrence river for a good many years (B148) and, as will subsequently appear, that development by private parties was always a major factor in that interest. His first official appointment, as disclosed by the record,

in connection with the St. Lawrence river was as Chairman of the Montreal Harbour Board (B148) and it should be noted that this and all subsequent appointments received by him were from the Liberal Government of the day.

In 1923 he had discussed with Mr. R. A. C. Henry the development of power on the St. Lawrence, and particularly on the Soulanges section thereof, and at that time he interested himself with Henry in the development of that portion of the river with a view to making money, and it is fair to say that subsequent events prove that he never lost the idea of making money from the development of power in this section (B148).

In May of 1924 he was appointed as a member of the National Advisory Committee (B148), the report of which will be referred to later.

At his meeting with Henry in 1923 he agreed that Henry should expend not more than \$10,000 in the power investigation, and discussed with him from time to time in a general way the said investigations (B149), and the fact is that he was really quite conversant with all that Henry was doing from this time on. (See evidence of Henry B84 et seq.)

It is manifestly of first importance here to observe the attitude of mind of Senator McDougald toward the ownership of power in the river; that is, as between the Dominion Government and the Province of Quebec. His position as revealed at B149 was that he had not made up his mind as to whether the ownership of this power was in the Dominion Government or in the Province of Quebec. In fact, he says he had not given it much thought and to this day he has not made up his mind with respect to such ownership. The following questions and answers show this state of mind clearly:—

Q. Then the converse of that is that you did believe in the development of this power by private interests?—A. Quite.

Q. And believing that, you no doubt were at all times interested in the ownership of that power, that is as between the Dominion Government and the Province of Quebec?—A. I hadn't given that much thought. That was a purely legal matter. I didn't feel competent to give any opinion on it whatever.

Q. I don't know that you were competent to deliver an opinion, but you must have had some opinion?—A. I didn't have a settled opinion about it.

Q. Have you any now?—A. It is still as unsettled as it was at that time.

Q. So far as you were concerned, all through these years you have had no definite view as to who had the ownership?—A. Quite unsettled in my mind.

Q. In other words, it may be the Dominion and it may be the Province of Quebec?—A. It was a legal matter, in my mind, pure and simple.

Q. But as I say, the ownership was in one place or the other, and you never have made up your mind as yet which it was?—A. No.

As to the amount actually expended in pursuance of this arrangement, it seems clear from the evidence of Ebbs that of this \$10,000 only \$3,500 was at the most expended by Senator McDougald on behalf of the Sterling Industrial Corporation (B114 and 115). Henry also swears that all payments were made by the Haydon firm or by Senator McDougald (B88), and it further appears from Exhibits 143 and 144 that the balance owing to the firm of McGiverin, Haydon & Ebbs for the incorporation, organization, and legal fees in general for the Sterling Industrial Corporation were paid by Beauharnois. Prior to the incorporation of Sterling and after it was resolved to make an application for the diversion of water by the McDougald-Henry interest, Senator McDougald gave to Henry the charter of a company, which he owned, known as the Superior Sales Company, and this charter having been found insufficient for

the purpose intended told him to see Senator Haydon with respect to bringing into being a corporation with sufficiently broad powers to make the application for the water diversion to the Dominion Government. He further says that he believed that they both would share in the fruits of the enterprise (B149).

The Sterling Industrial Corporation was created on the 5th July, 1924 (B149), and applications were, in fact, made to the Department of Railways and Canals and Public Works for the diversion of 30,000 cubic second feet of water on the south side of the river (B149), on the 7th day of July, 1924.

A date of considerable importance is *the 20th April, 1928*, on which Senator McDougald was appointed to the special Senate Committee under the Chairmanship of Senator Tanner, the activities of which will be discussed more fully subsequently.

Senator McDougald realized that the Sterling application was based on the ownership of power by the Dominion Government, but also realized that the Beauharnois effort was based on the ownership of the power by the Province of Quebec. (B150.)

Q. You realized, of course, that the Sterling effort, if I may use that expression, was based on the ownership of this power by the Dominion Government?—A. Yes.

Q. You realized that the Beauharnois effort was based on the principle that the province owned the power?—A. Yes.

It is obvious, therefore, having become interested in the Beauharnois project at least as early as the 18th day of May, 1928, as will appear later, that Senator McDougald was then in a position to benefit from this power and canalization project irrespective of whether the Province or the Dominion Government owned the power. This may account to some extent for the casualness of his interest as to where the ownership of this power rested. He also was well aware that if the Beauharnois project was carried to its logical conclusion, which is now admitted by all parties to have been the utilization of the whole flow of the river, that canalization for shipping purposes could only proceed on the south side (B151). In fairness to him his answer on the top of page B151 is quoted together with his examination on the conclusion naturally formed from his answer, which was to the effect that if the Government had proceeded to follow the report of the engineers of the National Advisory Board that there would have been no development on the south side whatever.

Q. So you were in a position either way in this development—to realize from this development no matter where ownership lay?—A. No, sir. At that time I had dismissed the Sterling Industrial Corporation from my mind entirely. The National Advisory Board had made their report. The report of the engineers of the National Advisory Board had recommended the development on the north side of the St. Lawrence river. The Board accepted that, and we so recommended to the Government of the day. If the Government had gone on with deepening of the St. Lawrence waterway, as every member felt they should and would do, there would have been no development on the south side of the river whatever.

Q. The Government, then, must have changed its mind as to the development in that section?—A. I don't think the Government had made up its mind as to any development.

Q. The Government provided by Order in Council 422 to consent to this development with provision for the protection of navigation works?—A. That came after the National Advisory Board, and had nothing to do with the Board at all.

Q. This came on the 8th March, 1929. You know order 422—A. Very well.

Q. And that provides for development, and canalization for shipping on the south side?—A. But that was——

Q. That is true, isn't it?—A. But not by the Government at Ottawa; that came from Quebec, and the Beauharnois Company were simply asking the Government, or offering the Government, if they would pass the Order in Council approving their plans, that they would give free and clear to Canada the use of that canal.

Q. On the south side?—A. On the south side.

Q. So that as I say, if we change the canalization from the north side to the south side the Government of the day must have changed its mind as to the proper place to do that work?—A. Not necessarily.

Q. How could they do anything else?—A. Well, that diversion of 40,000 cubic feet of water on the south side did not interfere with any development that the Government might decide to make on the north side at all, if they wanted to do so.

Q. You know, of course, as well as I do that the Beauharnois project is admitted by everybody, Mr. Henry and Mr. Sweezey and anybody who had anything to do with it, that it contemplated the whole flow of the river?—A. I think so.

Q. And their financing to the public was done on that basis?—A. Yes.

Q. And if we take the whole flow of the river on the north side we cannot carry boats on the south side?—A. No.

Q. So it is obvious that someone in authority must have had a change of mind when the Beauharnois project was under consideration?—A. I do not think that the Government of the day ever made up its mind about anything.

Certainly the recommendation for the development on the north side was not adopted by the Government, as is clearly shown by the passing of Order in Council P.C. 422, and it is significant that this recommendation was discarded in favour of the development on the south side by the Beauharnois concern, in which Senator McDougald, in conjunction with Henry, had at least a 20 per cent interest, made up of 3,200 part interests arising out of the Sifton purchase, and 2,000 from the Sterling sale, or 5,200 part interests out of a total of 25,000.

Senator McDougald says (B151) that he lost interest in Sterling for a number of years, but that this interest was revived some time in September, 1928 (B151), but it appears from Exhibits 143 and 144, the bill of Messrs. McGiverin, Haydon & Ebbs, that this company paid the expenses to New York of Senator Haydon on the 11th December, 1925; there also was a conference with Senator McDougald on the 22nd December, 1926, and with Henry in Montreal (as to the position and policy of the company). It is also true that Mr. McRae, who was an engineer employed by Mr. Henry to make reports on the Soulanges section, continued his activities, reporting from time to time to Mr. Henry, who was at all times generally keeping Senator McDougald in touch with what was going on.

In September of 1924, according to the minutes of the Sterling Company (Ex. No. 92), consideration was given to the filing of an application to develop water power on the Ottawa river at Carillon, the said rights to be acquired from the Dominion Government (B89 and Ex. 92). Discussions were going on between Mr. Henry and United States financial interests for the financing and disposition of power (B90 and 91), and these discussions were communicated to Senator McDougald, as were estimated expenditures with respect to the project (B93). It also appears that on April 23, 1925, Senator McDougald, Senator Haydon and Mr. Henry discussed the terms of a number of water-power leases for 100,000 horse power. (See letter April 23, 1925, on the files

of the Carillon Industrial Corporation Exhibit 154.) And Senator Haydon, who at all times was the solicitor for Senator McDougald and Henry, was in New York on the 8th and 9th of December, 1925. (See the same file, together with entry in Exhibit 143 on page 2.) So that it appears that the interest which Senator McDougald says he lost in Sterling was, in fact, substantially active during the periods above referred to.

At the time Senator McDougald says his interest had revived he had acquired his interests in Beauharnois, which, he says, were acquired from the late Winfield B. Sifton on the 18th day of May, 1928 (B152 and 153). It appears, from the evidence of Senator McDougald on the above pages, that Sifton had endeavoured to interest him in the Beauharnois project as early as March of that year, but according to Senator McDougald, he was unsuccessful. He says that on the 18th day of May the transaction was finally consummated after a week or more of serious negotiation (B153). He says this purchase was made in bonds of the Dominion of Canada of the face value of \$46,000, then selling at a premium, and it is perhaps well to quote his evidence in this point from pages B153, 154, 155 and 156.

Q. What form did your purchase take?—A. Do you mean how was it paid for?

Q. Yes.—A. It was paid for in bonds.

Q. Yes?—A. Paid at my office, paid by my solicitor and my financial man.

Q. At your office?—A. Yes.

Q. In Montreal?—A. In Montreal.

Q. Were these bonds personally handed to the late Mr. Sifton?—A. By my man, yes.

Q. Whom do you mean by your man?—A. Mr. Barnard, who was my solicitor at the time, and Mr. Banks, who was my financial man.

Q. Mr. Charles Barnard, you are speaking of?—A. Yes.

Q. I notice his name appears in the book as Mr. Barnet, but it should be Barnard?—A. Yes.

Q. Where did he get them?—A. From my financial man, Mr. Banks.

Q. Were you present?—A. I was not.

Q. Whom had you instructed in connection with the purchase?—A. I had instructed Mr. Banks and Mr. Barnard.

Q. And how much did you turn over, I mean face value?—A. \$46,000.

Q. Of what kind of bonds?—A. They were Canadian Victory bonds. I cannot remember the year.

Q. Do you remember the price?—A. No, I cannot say that off hand.

Q. If I tell you they were at \$110 at that time, does that refresh your memory, if I suggest that to you?—A. No, it would not, because there was a series of bonds, '33s and '37s.

Q. At any event, they were selling at a premium?—A. Yes.

Q. So that you were paying to Mr. Sifton this \$46,000 together with the premium that was on the bonds at the time?—A. Yes.

Q. And was that the arrangement you made with him?—A. That was the arrangement I made with Mr. Sifton.

Q. Not that he should receive \$46,000 exactly?—A. He was to receive \$30,000 for what he had paid for the 800 interests in the first syndicate, which afterwards became the second syndicate when I bought them, and there was a 10 per cent payment on the second syndicate, amounting to \$16,000; and my arrangement with him was that he should get \$46,000 of bonds, which would take care of the \$30,000, which he had paid for the first syndicate shares, and \$16,000, which would be the first payment on the second syndicate, and the difference in price would be for his out of pocket expenses, whatever it was.

Q. If I am right about the 10 per cent, that would be \$4,600, around that sum?—A. Yes, if you are right.

Q. If there was a premium of 10 per cent at that time?—A. Yes.

Q. What documents were exchanged between you and Mr. Sifton?—A. None whatever between myself and Mr. Sifton. Mr. Barnard got a letter.

Q. I suggest that Mr. Sifton gave somebody a receipt?—A. He gave Mr. Barnard a letter.

Q. A letter in his own handwriting?—A. Yes.

Q. And that letter was the acknowledgment of this \$46,000 worth of bonds?—A. Yes.

Q. And I suggest to you that Mr. Barnard then saw you with this receipt and told you that there was a loophole—I am not trying to quote his exact language—because Mr. Moyer was not on the document and he was the ostensible owner of the part interests?—A. I knew that from Mr. Sifton.

Q. I suggest to you that Mr. Barnard pointed that out to you?—A. He did.

Q. And what did you say to that?—A. I said that if he was satisfied with the receipt and that I was properly safeguarded, I was satisfied.

Q. Of course, my suggestion to you is that he told you he was very far from being satisfied with the receipt?—A. No, he did not put it that way.

Q. You had not the consent of the man who was the actual owner of the part interests?—A. Mr. Barnard had the letter which was turned over before the bonds were delivered to Mr. Banks, the financial man, and Mr. Barnard called me up and read me the letter. I was at the Harbour at the time, I was busy, that is why I was not there personally. And he pointed out that there might be some difficulty with Moyer, and I said if he was satisfied to take the chance that I would take the chance.

Q. Where is that letter?—A. At the time Mr. Barnard told me that his arrangement with Mr. Sifton was that after this deal was consummated—this is the part that there is the mystery about, that everybody is talking about as a mystery—

Q. I have not said it was a mystery,—A. It was stated in the old report. Mr. Sifton never wanted his name to appear in the Beauharnois transaction. That was one of the conditions that he made with Mr. Barnard and also with myself, that it would not be revealed that he was the owner of the shares; that is why he put them in the name of Mr. Moyer. He did not give me all the reasons for it, and I am not going to suggest what the reason was. Both he and his father did not want it revealed, and he had his own personal reasons for it and I accepted them. At the same time I did not want to appear at that time in the Beauharnois Syndicate, and I was satisfied to allow the shares to remain in the name of Moyer until I was ready to make the next move.

Q. But you are a man of business, and here were the shares in the name of Moyer, and Mr. Sifton died on the 13th of June?—A. Yes.

Q. And you had not a scratch of a pen from the ostensible owner of those shares, Mr. Moyer?—A. Just the letter that my attorney had, and he was satisfied with it, and I think you should ask him about it. I was satisfied with him.

Q. I am not satisfied yet. You are a man of much business experience?—A. I have taken lots of gambles and I was satisfied with that gamble.

Q. You do not gamble when you do not have to—I do not mean for pleasure, of course, but I mean you do not take a chance in business, surely, when there is no necessity for your doing so?—A. Well, I do not consider I was taking any great chance.

Q. Here you were in this position, that you took a receipt from Sifton. Moyer was the registered owner of these interests and you did not have a scratch of a pen from Moyer?—A. Nothing from Moyer, no.

Q. And I am suggesting to you that what you told Mr. Barnard was to forget about Moyer, that you would look after that, or words to that effect?—A. I cannot recall that I ever said anything of the kind to Mr. Barnard.

Q. Then your statement is this, that you put it up to Mr. Barnard?—A. I did.

Q. And said that if he was satisfied that you were?—A. Yes.

Q. Now, what happened to this receipt or letter in Mr. Sifton's handwriting?—A. Mr. Barnard told me when this last inquiry was on, I asked him about it—at the beginning, in fact, he told me that Mr. Sifton asked him not to reveal it to any one. I saw it myself at the time, and Mr. Banks brought it to me.

Q. I suggest that Mr. Barnard brought it to you.—A. No, Mr. Banks brought it to me. Mr. Barnard read the letter to me on the telephone, or gave me the substance of what Sifton would put in this receipt.

Q. What was it?—A. I cannot tell you now.

Q. You were going to tell me where the letter was?—A. Mr. Barnard told me that one of the stipulations was that the letter would not be used unless it was necessary to use it, and it never became necessary to use it. And he agreed with Mr. Sifton that when the shares were transferred the letter would be destroyed.

Q. You say an agreement was made between Barnard and Sifton that when those shares were transferred to you the receipt should be destroyed?—A. Yes.

Q. Why was Mr. Barnard taking instructions from Sifton with respect to a receipt which was your own property, not Sifton's?—

Hon. Mr. CANNON: How can the witness answer that question? If my learned friend wants to find that out, the man who can tell him is Mr. Barnard.

The CHAIRMAN: The witness is quite competent to look after himself in that respect.

Hon. Mr. CANNON: Well, Mr. Chairman, I am not doubting for a minute that the witness is competent, but I am pointing out to the Committee that the question which is now being put to the witness is of such a nature that he cannot answer it.

The CHAIRMAN: You do not need to worry about the Committee; the Committee understands.

Hon. Mr. CANNON: If I do not worry about the Committee or about my client or anything, I do not see why I should be here.

Mr. SMITH: Worry about me.

By Mr. Smith:

Q. You no doubt have had some discussions with Mr. Barnard?—A. Yes.

Q. And have no doubt learned where this receipt is?—A. Yes, he told me at the time that he destroyed the receipt, the letter.

Q. That he, Barnard, himself had destroyed that letter?—A. Yes.

Q. And did you ask him why he, as you solicitor, had destroyed your property?—A. Yes, because he had agreed to do so with Mr. Sifton. It was a gentleman's agreement, I think that would be the answer I would make to that.

Q. That was after you appeared in public as the owner of these shares?—A. That was after the 2nd of October when the shares were transferred to John P. Ebbs, who was my nominee.

Q. After they came out of Mr. Moyer's hands?—A. Yes.

Q. I am suggesting this to you, and I want you to think it over. You at that time had put up \$46,000?—A. Yes.

Q. Plus the premium, whatever it was?—A. Whatever it was.

Q. And you had taken on an obligation of \$144,000, that is the \$160,000 less the \$16,000 which was the first payment?—A. Again a gentleman's understanding. I was not in it at that time.

Q. Moyer was the man in the books of the company who was stuck for that \$144,000—I do not mean that in any offensive way, I mean liable for it?—A. Yes, he would have been.

Q. He was the person who would have been liable for the \$144,000?—A. Yes.

Q. And you had never seen this man who was liable for the \$144,000?—A. Oh, yes, I had.

Q. I mean, you had never discussed this transaction with him?—A. No.

Q. You say Sifton gave your man, Mr. Barnard, this handwritten document. Then what about your liability of \$144,000? What were you thinking about that?—A. Well, there was no call, as far as I knew, excepting the \$16,000 which had been paid, until October.

Q. Mr. Moyer has told us that he received a number of calls after Mr. Sifton's death.—A. I knew nothing about calls at the time.

Q. Did you not communicate with Mr. Moyer and say, "Here, I am your paymaster"?—A. No, I did not communicate with him at all.

Q. Did it occur to you that that young man might be worrying about being called for a portion of the \$144,000 when the shares were not his?—A. No, I did not think so.

Q. And his client was dead?—A. No, I did not think so.

Q. It strikes me that you might have taken some interest in it, Senator McDougald?—A. Well, at the time he had the word of Winfield Sifton that they would be taken care of, and he told me that he had instructed Moyer that he would get instructions from me at the time. I did not consider it was the time for me to give instructions and I did not get in touch with him until I was ready.

Q. So that you had a moral responsibility for \$144,000, although the bonds were not registered in your name, a moral responsibility to pay \$144,000, and there was no communication whatever between yourself and the person who held them for you—A. Not a thing.

Q. And the evidence of payment for that in the hands of your solicitor?—A. That is right.

Q. With an outstanding agreement with your vendor that the evidence of payment should be destroyed when the shares came into your name?—A. That is right.

Q. Rather a peculiar and circuitous way of handling a transaction, was it not?—A. No, I think that is a common way.

Q. Again I must plead my lack of experience. But it could have been done more simply?—A. Excepting for the reason that neither Sifton nor myself at the time cared to have our names appear in the transaction.

Q. Perhaps you can explain why you did not care to have your name appear in the transaction. You have said that you did not think that other people should be influenced by the fact of your investment, but did you not think that that was the time when the public should know that you were in it?—A. No, I did not think so. At that time I thought it was a pure and simple gamble.

Q. A pure and simple gamble where you had no legal commitment to pay?—A. Do you mean I was trying to take advantage of it?

Q. I do not mean that.—A. What do you mean?

Q. You said you felt morally bound?—A. Yes.

Q. But you had no legal commitment to pay?—A. No, I had no legal commitment to pay.

This last payment made by Moyer of \$16,000 was not made by him until the 26th day of May. (B63.)

The whole purchase from Sifton is one surrounded with mystery. The story of which, as at present given by the witnesses, is as follows: One, Moyer, was an Ottawa solicitor, acting for the late Mr. Sifton, who had been solicitor for the Beauharnois syndicate from September, 1927. The payments made by Moyer are perhaps best dealt with in his own language as given to the Committee on Wednesday, the 6th April, upon his having been recalled, at his own request, to correct his evidence and is as follows:—

Q. As I understand it, you want to make a correction in what you then said?—A. Yes. When I was examined previously I was speaking from memory of events that had happened four years previously. Since then, as Mr. Smith has suggested, I have obtained the definite records of the banks in which certain deposits were made and certain cheques issued. You will recall, Mr. Chairman, that my evidence dealt with three payments to the Marquette Investment Corporation for part interests in my name on behalf of my principal, the late Winfield B. Sifton. Those three payments were \$15,000, \$15,000 and \$16,000 respectively. On March 31, 1928, I deposited \$15,000 in cash in the Bank of Nova Scotia, New York. On April 4th I issued a cheque for \$15,000 to the Marquette Investment Corporation. That cheque, I believe, the records before the Committee will show was cashed by the Marquette Investment Corporation on the 6th of April. That disposes of the first payment. Now, the second payment. On the 17th of May I deposited in the Bank of Nova Scotia, New York, a second payment of \$15,000. On the 18th of May—by the way, this second deposit was by way of a bank draft. On the 18th of May, the next day, I issued a cheque for \$15,000, to the Marquette Investment Corporation.

By the Chairman:

Q. That was the second instalment on the \$30,000?—A. That is correct. This second cheque, I believe, was cashed by the Marquette Investment Corporation on the 19th of May. That disposes of the second payment. And the third payment: On May 23rd I deposited in the Standard Bank, Ottawa, a bank draft for \$16,000. On the 26th of May I issued my cheque in favour of the Marquette Investment Corporation for \$16,000. This cheque was cashed by the Marquette Investment Corporation on the 1st of June.

Q. That was the 10 per cent on the 1,600 shares, was it?—A. That is correct.

By Mr. Smith:

Q. And you have also learned that your subscription for those 1,600 shares was made on the 10th of May, 1928?—A. That is correct.

By the Chairman:

Q. That is the second 1,600 shares?—A. Yes.

By Right Hon. Mr. Graham:

Q. Just for information, what constituted the Marquette Investment Corporation?—A. It was a company acting at that period as trustee, I believe, for the Beauharnois Syndicate, and then subsequently for the Beauharnois Power Syndicate, and continued to act until these syndicates merged into what became the Beauharnois Power Corporation.

By the Chairman:

Q. Is that a Montreal company, that Marquette company?—A. Yes, sir.

These part interests in the second syndicate were later sold by the second syndicate to the Beauharnois Power Corporation for the sum of \$150 per part interest, together with 40 shares in the Power Corporation for each part interest. (See evidence of Swezey as to financial structure B38.) So that the position as we now find it is, after the New York trip of Sifton and Moyer at the end of March, that Moyer appeared on the books of the first syndicate as the owner of 800 part interests, 50 per cent paid, which were, on the 4th day of April, converted into 1,600 part interests in the new syndicate. Moyer on the 10th day of May subscribed for another 1,600 part interests, for which he agreed to pay the sum of \$160,000. He has since destroyed any and all cheques and has no written record whatever of the receipt or the payment of any of these amounts of money, nor has he any agreement with Sifton, whose trustee he was, the arrangement being, according to him, a gentleman's agreement with Sifton (B64). He says that prior to Sifton's death he was told by Sifton that in the event of his death he was to take his instructions from Senator McDougald. Sifton died on the 13th June, 1928, having been in a comatose condition some three or four days prior to that time. (As to when instructions were given by Sifton to Moyer, see page B65).

In so far as relates to the payment to Sifton referred to in the evidence of Senator McDougald quoted above, it is of some significance to note that neither Senator McDougald, Barnard nor Banks have any writing of any nature or description touching on this purchase, nor is there any evidence in the documents and letters or books of the Sifton estate showing either the purchase of the part interests, nor the receipt of the bonds or money representing the bonds. (B228 and 229 and Ex. 142.) The following is a quotation from the evidence of Mr. Clifford Sifton, beginning at the middle of page B229 and part way down B230:—

Q. At the Commons inquiry I think there was filed as Exhibit No. 105 a document being a statement of the estate of your late brother, with an affidavit as to succession Duties attached. (Showing document to witness.) That is the Exhibit produced on the Commons inquiry?—A. This appear to be a copy of the Succession Duties Act affidavit which we prepared, yes.

Q. And includes within it an inventory of the securities which made up your brother's estate?—A. Yes.

Q. Was there among the assets of the estate any Dominion of Canada bonds whatsoever?—A. No.

Q. Was there among the papers of the estate any receipt for any sums of money paid to the Beauharnois Syndicate or the Beauharnois Power Syndicate?—A. I do not recollect any such receipt.

Q. Would you recollect it if had been there?—A. Not a receipt, no.

Q. There was no receipt?—A. I do not say that, I say I am not sure I would have recollected it. If it had been a receipt for money which was loaned which constituted an asset I am sure I would have listed it.

Q. Was there any receipt from the Beauharnois Syndicate or the Beauharnois Power Syndicate for any sum of money appearing to have been paid to that Syndicate in the form of a subscription?—A. I cannot answer categorically. Certainly I never heard of such a thing and I do not recollect having seen such a thing. There is nothing I can recollect which refers to that.

Q. Was there any reference to a subscription by your brother to stock or units in the Beauharnois Power Syndicate or Beauharnois Syndicate?—A. I never saw such a thing.

Q. I merely ask was there any such thing among the papers of the estate?—A. I cannot answer categorically because we have half a trunk full of papers, I did not examine every one to see whether there was such a thing, but I do not recollect any question of such a thing.

Q. You did examine the papers to find what the assets of the estate were?—A. Exactly. There was nothing which appeared to me to be an asset which referred to that, at least not that we found.

Q. And there was not in the estate any evidence so far as you found, having looked over the assets, any evidence that he was at any time a subscriber to the stock or part-interests of the Beauharnois Power Syndicate or Beauharnois Syndicate?—A. Certainly not at the time of his death. I would not be particularly interested in what he was before, but I can recollect nothing—

Q. I am only asking what you found at the time of his death?—A. I do not remember finding any such thing, but I must explain that if it was an interest which would have terminated before, it is not the kind of thing we would be particularly looking for. I cannot recollect even having seen anything which referred to an interest which had terminated.

Q. What I am asking is if there was among the papers of your late brother's estate any evidence that he had been prior to his death necessarily interested in the shares or part-units or part-interests or units of the Beauharnois Syndicate or Beauharnois Power Syndicate?—A. Not within my knowledge, no.

Q. Who made up the inventory of the estate?—A. It was made up under my direction. Myself and my clerical help.

Q. Was it made up from information you furnished to the party who put the figures down?—A. It was done directly under my own hand.

The evidence of Mr. Barnard was that the sale from Sifton to McDougald was concluded by him and Mr. Banks with Mr. Sifton in a twenty-minute period, after the 15th and before the end of May, 1928 (B204), that merely a receipt in Sifton's handwriting was taken, which he agreed to destroy when Senator McDougald saw fit to have it known that he was the owner of the said part interests, and that the receipt was destroyed accordingly (B207). The fact is that until the second day of October, 1928, when Senator McDougald had these part interests transferred to the name of his trustee, Mr. Ebbs, the whole matter, purchase and sale, is one surrounded by mystery. It is clear, however, that from the beginning, Sweezey knew that Sifton was not purchasing for himself (A666).

Q. Now, I suggest to you that it would have been at least the part of common precaution for you to have asked your solicitor whom he was holding the shares for?—A. I did ask him, sir, but he told me to wait and in due course he would inform me.

The evidence of Senator McDougald given before the Commons Committee with respect to the payment to Sifton is quite contradictory to that given before the Senate Committee, and will be found on pages A942, 943 and 944.

Q. Then, a month after that you got the Sifton interests?—A. That is right, or two months, perhaps.

Q. *And did you say you paid to Mr. Sifton \$30,000 for these shares?*
—A. Yes, sir.

Q. Did you pay by cheque?—A. No, sir.

Q. How did you pay for it?—A. In bonds.

Mr. JACOBS: You must have been acquainted with Mr. Aird.

The WITNESS: No, it was a very common thing.

Hon. Mr. MACKENZIE: It is a new practice.

By the Chairman:

Q. To whom did you deliver the bonds?—A. They were delivered by my attorney and by my financial man at my office.

By Mr. White:

Q. Who was your attorney?—A. Mr. C. A. Barnet.

By the Chairman:

Q. To whom were they delivered?—A. To Mr. Sifton himself.

Q. That is Winfield Sifton?—A. Yes.

By Mr. White:

Q. Why did you not get then and there an assignment of his interests?—A. Because Mr. Sifton did not want his name should appear in the transaction at all. He did not want it known that he had anything to do with the Beauharnois company.

Q. But his name——

Mr. STARR: Let him answer.

Mr. WHITE: I know, but for goodness sake, I should like to end the answer somewhere.

Mr. STARR: You are interrupting him.

Mr. WHITE: Your client is continually making what seems to me to be superfluous answers.

The WITNESS: You asked me, Mr. White, and I am trying to tell you why.

Q. What I want to point out to you is that Mr. Sifton never appeared in the transaction.—A. That is quite correct.

Q. And that the transaction to transfer from Mr. Moyer in your name—after the first of April those part-interests could have been transferred to you without the intervention of Mr. Sifton at all.—A. I——

Q. Without the same——A. It is not——

Q. Without Mr. Sifton's name appearing?—A. The reason for that was that I did not want my name to appear at the time.

Q. Why?—A. For one reason, *I did not want to take on the commitment, at the time the other interests were coming due, the other Syndicate, that is 30,000 shares, which were closing out the first Syndicate.*

Q. At that time?—A. I do not mind taking 30,000 shares or \$30,000, but that was 1,600 part-interests which would have been fully paid up at the close of the syndicate, the next payment that had to be made was on the first of June or thereabouts for \$16,000.

By the Chairman:

Q. \$16,000?—A. Yes; that was the next one, on the next Syndicate.

Q. You do not mean \$16,000?—A. Yes, 10 per cent, which was the first call. The commitment was around \$160,000.

By Mr. White:

Q. That was not transferred to you by Mr. Sifton?—A. No, sir. That was still kept in the name of Moyer.

Q. Moyer subscribed for those 1,600 on your instructions and not on Mr. Sifton's?—A. No, on Mr. Sifton's instructions.

Q. So that Moyer, apparently, was in the dark as to who owned the shares from the middle of May until he transferred them to Ebbs?—A. That is correct, or until, as he stated the other day, he had instructions from Mr. Sifton if anything happened to him, to consult with me.

The CHAIRMAN: Mr. White, allow me to interrupt there. The Senator said he had some other reason for not wanting to go into this thing. He gave us one reason, and perhaps he has some others.

The WITNESS: The other reason was, I did not want any other people to come into the Beauharnois Power project because I was in it.

Q. The same reason as Senator Raymond gave?—A. Practically the same reason. I have been in many things that have been failures, and I have had many people come in because I was in it—I am not saying that egotistically at all—they had been failures and I did not want anyone to come into anything that I was in, but I was willing to take a gamble, take a chance to lose. Further than that, there was a third reason; I did not want anybody at Ottawa to know in the Government—I never mentioned it to anybody, any member of the Government—that I was in the Beauharnois Power Syndicate.

By Mr. White:

Q. Not because you were afraid they would give you away?—A. No, not at all; it was none of their business; it was my private business. I had no reason to consult anybody about it at all.

Q. That is the situation, that you did pay for the shares in bonds?—A. I paid the \$30,000 in bonds through my attorney, and through my financial man in Montreal.

Contrasting the stories set out in the quotations above, there can be no escaping the fact that one of them is absolutely untrue. Senator McDougald makes it very clear in the evidence before the Senate Committee that he paid Sifton \$46,000 at one time for the purpose of taking up the \$30,000 for the part interests in the first syndicate and was making a 10 per cent subscription on a commitment of \$160,000 in the second syndicate. Of this there can be no doubt whatever. In his evidence before the Commons Committee he says, not only once but three times in the space of a page or so, the amount that he paid Sifton in bonds was \$30,000, and he further says that he did not wish to take on the commitment for the \$160,000, that the commitment for \$160,000 was not transferred to him by Mr. Sifton. His own evidence and that of Banks and Barnard at this hearing flatly contradict those statements and leave him open to the very gravest suspicion that he was in fact in Beauharnois from the date of the original Sifton purchase, namely, April 4, 1928.

This concludes our remarks and reference with respect to the purchase by Senator McDougald of his interests in Beauharnois.

Returning then to the purchase of Sterling: according to both Senator McDougald and Mr. Henry, Senator McDougald asked Henry to figure out what he thought the value of Sterling was and that Henry arrived at a valuation of \$50,000. (B158.)

There can be no doubt, however, that the arrangement whereby Beauharnois agreed to pay 2,000 part interests for the 5 no par value shares of Sterling, which had been issued, was the result of negotiations between Sweezey and Senator McDougald (B158).

Q. There is no doubt about this, that irrespective of documents, the payment of 2,000 part interests for the five shares of Sterling was the result of discussion between you and Sweezey?—A. Yes.

The payment of the part interests for the five qualifying shares of Sterling which had been issued to the five stenographers was contingent on the Beauharnois people entering into an arrangement with the Dominion of Canada under the *Navigable Waters Protection Act*, as provided for in the lease which they held in the province of Quebec. This was to the knowledge of Senator McDougald (B159) and also that his sale of Sterling was valueless unless that arrangement was completed.

With regard to the value of the Sterling Industrial Corporation on which other evidence has been given, it was referred to by Senator McDougald as having a "nuisance value" (B163) and (A914):—

Q. To Senator McDougald?—A. I am talking of Canada now. The Chairman says it would affect Canada. It would not affect Canada.

Q. Why not?—A. How would that affect Canada. It was not costing the Dominion of Canada—

Q. We may as well thrash out this thing here now. There are a good many dollars in it, and large advances made by the public, and it arose through the fact that the Sterling had a delay or a nuisance value, that is how it affects Canada.—A. I do not think that is a correct statement to make.

Q. You recognize that the capital of the Beauharnois Power Corporation has been increased?—A. I recognize that when the bankers put out that \$30,000,000 of debentures that they were absolutely protected and covered, and that the men who bought them were protected in every way, shape and form that they could possibly be.

Q. By reason of this transaction, the Beauharnois Corporation, if it is successful, has to pay dividends on 208,000 class "A" shares?—A. Every company has to do that.

The CHAIRMAN: Answer that question?—A. I cannot answer that question.

The CHAIRMAN: Let us clear that up, before we go on.

Mr. STARR: There are only 80,000 shares involved.

The CHAIRMAN: I will get at it in a moment.

Q. How many shares of the Beauharnois Power Corporation were issued to you and Henry?—A. 80,000.

Q. By reason of your having sold a nuisance value in the Sterling Industrial to them, how many shares were issued?—A. 80,000 shares.

Q. 80,000?—A. Yes.

Q. Now then, what Mr. White says is perfectly correct, that you had in contemplation that at some time or other that dividends would have to be paid on those shares, if they paid dividends?—A. If they paid dividends.

Q. And those dividends would be paid to you and your associates, on what is obviously a nuisance value, sold to them. Is that right? Why hesitate, Senator?—A. That is essentially correct, yes.

The evidence of Senator McDougall is also quoted on page A939, as follows:—

By Mr. White:

Q. What is your answer?—A. Of course I do.

Q. What was the value?—A. Sweezey can tell you that better than I can.

Q. I am asking you?—A. It is for him to say what it was worth, not me.

Q. Point out to me one single dollar of value there was in the Sterling Industrial Corporation?—A. That is a question that would be difficult for anybody to answer.

Q. I should think so. Are you content to leave your answer there?—A. Yes, I am.

Then Sweezey also says that the assets of Sterling did not amount to anything (A663):—

By the Chairman:

Q. Mr. Sweezey, Mr. Griffith gave evidence in respect to the Sterling Industrial Corporation, and he did not think the assets of the Sterling Industrial Corporation amounted to anything?—A. Neither did I.

Q. That is what we have been trying to find out.—A. I did not say they had any assets. We were just afraid of so many obstacles.

Q. It was an obstacle?—A. The application.

Q. You wanted to complete removing the obstacle by making them a partner?—A. I do not know that it was along that line. I do not know whether he was alone or not. If I thought that he was alone, I would not have been so anxious to work it. I thought he might have others."

Senator McDougall again referred to Sterling as being an obstacle to Beauharnois on account of it having a prior application (B162). In fact, he further said that he had never heard the Sterling application mentioned by anyone in Ottawa as an obstacle to the granting of P.C. 422, and does not know, even yet as to whether the application itself was ever withdrawn (B161):—

Q. Did you ever hear any member of His Majesty's Council—a member of the Governor General in Council—ever suggest at any time, in connection with the granting of P.C. 422 that Sterling was an obstacle in its way?—A. Never.

It may be said, without fear of contradiction, from reading the whole evidence of Senator McDougall before both the Committees, that the Sterling application had no value whatever in his judgment, except in so far as it might have been desirable for Beauharnois to acquire Mr. Henry's services. Of these services he speaks at length at pages 163-5. The fact is that Mr. Henry joined Beauharnois at a salary of \$40,000, which was double the salary that he had at any time received in his life time, and was also given shares in the corporation itself, so that it is now admitted that Beauharnois paid at least a reasonable amount for the services of Mr. Henry. It is futile to say that because Henry had an interest in a corporation that had no assets other than a nuisance value, it was necessary to procure the company in order to procure Henry. The simple and direct method would have been to engage Mr. Henry at such terms as the Beauharnois Corporation might agree on, as he was of equal value to the company with or without the Sterling Industrial Corporation, which, according to all the evidence was of no value whatever. See

also evidence of Sweezey bottom of page B47 and top of page B48, and where he also speaks of arranging the purchase price with Senator McDougald, page B46, from which the following is quoted:—

By Mr. Smith:

Q. Some of these discussions, Mr. Sweezey—would you be good enough to tell me if you had any conversations with Senator McDougald about the things we have been lately discussing?—A. It is pretty hard to recall. I know we had a great many as to what value should be ascribed to this Sterling Company, and I think as Mr. Jones was with me, and he is a very astute trader, I am pretty sure that he used all the argument that should have been brought forth at the time.

Q. We will assume then that you did the best you could. In other words, I presume you were not exactly giving this thing away; you were trading as best you could, and that was the best price you could get from these gentlemen with whom you were dealing?—A. Yes.

One should also read the following quotation from page B47, whereby it appears that Sweezey was given the impression by Senators Haydon and McDougald that there were other persons interested, whom he ought to remove, when, in fact, there were no others interested except Senator McDougald and Henry.

By Mr. Smith:

Q. Here is the purport of my question. I put it to you in this way: In the conversations that you had in the presence of Senator Haydon and Senator McDougald, both being there at the same time (that pleases you, I am sure), just what was urged on their behalf (I leave out the objectionable word boost), in persuading you to pay 2,000 part interests for this corporation with no intrinsic value—?—A. The main argument was one of technical merit, as, being ahead of our application; and I don't know just how I got to believe, but I did believe, or thought, that there might be other people in it whom they thought it would not be fair to drop out and leave them unprotected while they were coming in with us; and whilst I am not clear as to whether they actually said that or not I was given that impression—that the merits of their arguments were that they were not alone in the matter that others might be with them. I did not know how many shareholders there were in this, and I didn't find out until after the purchase was made.

The foregoing is the history of the sale of Sterling Industrial Corporation and the purchase of the Sifton interests in so far as the same are disclosed by the evidence.

We now turn to the public utterances and actions of Senator McDougald relating to this power development.

On the 19th April, 1928, which was just a month, less one day, from the time he admits he made the Sifton purchase, Senator McDougald made the following speech in the Canadian Senate (B165):—

MR. SMITH:

You said this:

Honourable gentlemen, I desire to make a statement on a question of privilege, and to give an absolute denial to certain newspaper implications reflecting on my honour and integrity, both as a member of this honourable body and as a private citizen.

The *Toronto Globe* of April 18 prints a despatch from its Ottawa correspondent, dealing with the bringing down of correspondence between the Canadian and United States Governments on the subject of the St. Lawrence waterways, in which it says, amongst other things:—

Hon. Senator McDougald is reputed to be connected with the Beauharnois Power Company, which recently obtained a charter from the Quebec Legislature for a gigantic development in the Quebec section of the St. Lawrence.

The report also contains a number of statements relative to the merits of private and public construction. I am concerned, however, only in giving an immediate unequivocal and absolute denial to the implication of the *Globe* despatch that I am connected with the Beauharnois Power Company. I want to say here, and to say it with emphasis, that I do not own a dollar's worth of stock in this enterprise, and have no interest in or association with that company in any way, shape or form.

Now let me deal with a despatch which appeared in the *Toronto Mail and Empire*, also on April 18, and similar to that of the *Globe*, with the exception, perhaps, that where the *Globe* "reputes" the *Mail and Empire* "suspects."

That the report was written by Senator McDougald, Sir Clifford Sifton and Thomas Ahearn is believed, and the other members of the committee played unimportant parts and did not influence the decision. These three capitalists are either known or suspected of being interested in power schemes, and the proposal to develop the national section first at the expense of private interests who would have the power, is credited to them....The criticisms so far advanced are many and pertinent.....that the proposal endorsed by the Government was prepared by power interests represented by Sir Clifford Sifton, Thomas Ahearn and Senator McDougald.

Speaking for myself, I want to make a further positive and absolute denial of the implications and suspicions of the *Mail and Empire*. The report was prepared by the Advisory Committee, and by the Advisory Committee alone. That the Government put upon that committee men who presumably knew something about power and power schemes was probably for the same reason that it puts upon the Railway Commission men who presumably know something about railways;—

You perhaps have not appeared before many of those boards. They vary.—but for two of the prominent newspapers of this country to put out an impression to the public of this and other countries that the members of the committee were actuated by motives of private gain, or collusion with power interests, is, I think, an action which is undue, unfair and unwarranted. So far as I myself am concerned, I cannot add too much emphasis to my denial of the suspicions and aspersions which these despatches have cast upon me as a member of the Advisory Committee, as a member of this honourable body, and as a private citizen. Perhaps I may take some slight comfort from the fact that this sort of thing seems to be one of the ordinary penalties of public life.

Particular attention is drawn to the following statement, quoting from the *Mail and Empire*:

These three capitalists are either known or suspected of being interested in power schemes, and the proposal to develop the national section first at the expense of private interests who would have the power, is credited to them.

With respect to this Senator McDougald says:—

Speaking for myself, I want to make a further positive and absolute denial of the implications and suspicions of the *Mail and Empire*.

The statement quoted above from the *Mail and Empire* clearly suspects that Senator McDougald is interested in a power scheme on the St. Lawrence River in the national section; this he denies, using the words "implications and suspicions of the *Mail and Empire*." At the time of making this statement to the Senate he was interested and a part owner in the Sterling Industrial Corporation which had made an application for the diversion of water in the Soulanges section for the development of power.

The whole statement of Senator McDougald made to the Senate on that occasion has all the appearance of one which was very carefully prepared and one is driven to the unescapable conclusion that, having regard to his ownership of Sterling, the statement made to the Senate is untrue. It might also be added that he had a further power interest, although not on the St. Lawrence, namely, his interest in the development of power at Carillon which has been hereinbefore referred to.

Then again on the 20th May, 1931, he made a further speech in the Senate, referring to previous speech made on the 19th April, 1928. A portion of which is as follows:—

"honourable members of the Senate, before the Orders of the Day, I rise on a question of privilege. According to the newspapers of this morning the honour and integrity of myself as a member of this House have been attacked in another place, and I desire to draw attention at once to a statement which I made in the Senate in April, 1928, regarding my position in the much-discussed Beauharnois Power Company. Newspaper articles had reflected on myself and other members of the National Advisory Committee reporting on the St. Lawrence waterways. It was insinuated that our decisions and recommendations were influenced by personal interests in power developments on the St. Lawrence. In this House I stated at the time that I had no interest in the Beauharnois Power Company nor in the syndicate. That was absolutely true and correct. I may say at once that up to that time I had been invited on many occasions to become a member of that syndicate, but had always declined. After that date I was asked again, and had the whole project investigated from every angle. When I was satisfied that it was a proper project for me as a member of this Senate, as a business man, and as a citizen of Canada, to take a financial interest in, I agreed to do so. Some six months later, in October, 1928, I took an interest in the Beauharnois syndicate, and was influenced solely by my business judgment.

I may add that I put into the syndicate dollar for dollar with every other member of it, and when it was dissolved I received my portion of the common stock in the new company, and my portion of the money distributed, as did every other member of that syndicate.

Now I have no apology to make for accepting the chairmanship of that company, nor have I any apology to offer on behalf of the company. I state at once that the men who had the vision and the courage to undertake the building of that great power canal, with all its potential advantages, should be commended instead of being condemned.

• Then you went on:—

At the present moment the Beauharnois Power Company are employing 3,000 men on the site of the work—

and you recited the work they had been doing, and the sale of debentures, saying that part had been taken care of by the best legal brains in Canada. Then you concluded in this way—

I ask honourable gentlemen again to take my word and my assurance that when I made the statement in this House it was the truth, and nothing but the truth. In another place a committee is to be appointed to investigate this whole Beauharnois project, and I am confident that the whole thing will be cleared up there to the entire satisfaction of both Houses of Parliament and the country at large.

It is significant to note in this statement that he reaffirms the position he took in April, 1928, stating that after that speech he was asked again and had the whole project investigated from every angle; that when he was satisfied that it was a proper project for him as a member of the Senate, as a business man and a citizen of Canada to take a financial interest in it, he agreed to do so; that some six months later, October, 1928, he took an interest in Beauharnois Syndicate and was interested solely from his business judgment and had put into the syndicate dollar for dollar with every other member of it. It is clear, on his own admission, that he made his Beauharnois purchase as early as the 18th of May, 1928. He was examined in the Committee of the House of Commons at length on this statement, contenting himself with saying that it was ambiguous, but not incorrect. Before the present Committee his examination in respect to this appears on pages B171, 172, 173 and 174, all of which must be read with a view to coming to a conclusion as to what purpose should be ascribed to Senator McDougald in making the very misleading statement which he did, namely, that it was in October, 1928, he took his interest. The examination concluded with this question and answer on middle of page B174:—

Q. You have no further explanation?—A. I could not have any further explanation.

One is driven to the inevitable conclusion that the speech made by Senator McDougald to the Senate on the 20th May, 1931, was made with the deliberate intention of concealing from the Senate the interest he had in Beauharnois prior to the part interests appearing in his nominee, Ebbs, on the second day of October, 1928. In other words, he concealed his relationship to the whole Moyer-Sifton purchase, and this must have been done with the intention of misleading the Senate. It further appears that at the time he admits making the purchase from Sifton, he was sitting as a member of a Special Committee of the Senate, which sat from the 20th April to the 7th June, 1928 (B174), and did not disclose to fellow members of the Committee the interest he had, either in the Sterling Industrial Corporation or in the Beauharnois Syndicate. His answer to the Commons Committee on page A917 is set out in the following quotation:—

By Mr. White:

Q. I suggest to you that on that date when you called Mr. Henry as a witness you had an interest in the Beauharnois project?—A. That is right.

Q. That is right. Did you disclose that to the committee?—A. It was none of their business whether I had or had not any interest in it.

This Special Senate Committee was charged among other things—"to inquire into and report from time to time on the matter of the development and improvement of the St. Lawrence River for the purposes of navigation, and production of electric current, and power and matters incidental to such objects," and on this occasion Senator McDougald took quite an active part. Among other persons, there was called as a witness, Mr. Henry, who was jointly interested with Senator McDougald in the Sterling Industrial Corporation, and on

that occasion he discussed with Henry the question submitted to him at that time by Senator McDougald himself prior to that hearing (B175-176). The last question submitted and appearing at B176 was as follows:—

Q. Now, page 928 deals with the last question submitted by you to Mr. Henry and answered by him, and to make the matter very short, you remember speaking to him about how expeditiously this general work of development should proceed, and you remember his answer was that it should proceed at once?—A. Yes, I remember that.

It should be added also that at the time Senator McDougald made his speech to the Senate in May of 1931, he was also a part owner with Henry in the agreement to sell the Sterling interests to Beauharnois and at the meeting of Senator Tanner's Committee, between April 20th and June 7th, did not disclose the interest which he held in Sterling at that time. In other words, throughout this whole development—he believed in development by private interests—he was at all times in a position to benefit from such development by private interests and advocated the completion of this development by private interests in all his public utterances and acts.

There is a further view of the matter which is of first importance. We find on page A995 a letter of the 25th May, 1928, from Mr. Geoffrion to Senator McDougald "that there now need be no delay in procuring the consent of the Dominion Government, as required by the Quebec lease." We also find throughout the whole period, interviews at Ottawa and in Montreal with Senator McDougald by Beauharnois lawyers, particularly Colonel Thompson, who was engaged in endeavouring to have the Order in Council passed at Ottawa, and although these individual items were called to the attention of Senator McDougald, his statement in all cases simply is that he does not remember what they were about. The inference is obvious, that he was approached by these various people to endeavour to procure the consent of the Governor General in Council, as later appeared in P.C. 442. In fairness to Senator McDougald, he denies that he saw the Prime Minister or any other Minister in connection with the matter. He does not impute any dishonesty to the gentlemen who interviewed him in connection with Beauharnois matters and made the charges therefor to the Beauharnois company (B177). So that it may be taken as established as a fact that he was consulted from time to time with a view to expediting and passing the Order in Council.

It would seem pertinent here to quote from the evidence of Mr. Griffith to show for what purpose certain Ottawa lawyers and among them Colonel Thompson were employed. Referring to Mr. Sifton, who in turn named the Ottawa lawyers, the following is quoted from pages B74-75:—

Q. And among those solicitors was the late Mr. Winfield B. Sifton? —A. Yes.

Q. In what capacity was he employed by you? When I say you I mean you on behalf of the Syndicate?—A. I think he might have been described as a general legal adviser. He advised not only in respect of the preliminary proceedings but in respect to corporation matters and in respect to the power development, and in respect to the commercial and financial as well as in respect to legal matters.

Q. Was he adviser with respect to political persons?—A. Yes, we respected his advice in that regard.

Q. Shortly put, did you or Mr. Sweezey have much knowledge of Ottawa affairs at the time you began to further your program in Ottawa? —A. No, I say we had practically no knowledge.

Q. And on whom did you rely with respect first say, with respect to advancing things in the government departments—on whose advice?—A. Well initially on Winfield Sifton's advice.

Q. And subsequently I think the first person you employed was Mr. Ainslie Greene of Ottawa?—A. I can't remember just in what order we employed.

Q. Did you employ Mr. Ainslie Greene, Colonel Thompson and Mr. Pugsley?—A. Oh, yes.

Q. And on whose advice were those gentlemen employed?—A. On Mr. Sifton's advice.

Q. Is that all they were to do—describe the application? Generally what was their business?—A. I cannot go further than that. I think they were charged with the creation of a receptive atmosphere so that the company's application might be favourably received.

Q. Receptive atmosphere in whom?—A. In all those who might be concerned or have an opinion about it.

Q. Who were you applying to?—A. We were applying to the Governor in Council.

Q. Is the creation of this receptive atmosphere in that body what you were seeking?—A. I think I might better describe it if I were to say that their primary charge was, in a sense to prevent our opponents from creating an unfavourable atmosphere—a matter of counterbalancing the very steady and persistent propaganda against the enterprise.

Q. With whom?—A. With the departmental officials, with members of parliament, with members of the government, with the civil service generally. You must remember that at that time it was by no means decided whether or not the power rights were owned by the province or owned by the Dominion."

Senator McDougald makes an explanation of the bill rendered by him to the Beauharnois Company showing the payment of the expenses of the Right Honourable MacKenzie King at the Hotel Bermudian on pages B178-180: his answer to this was, as is well known, that he was a close personal friend of the then Prime Minister.

Senator McDougald had his personal counsel paid by cheque of the Beauharnois Company in the sum of \$7,500 for attending on his behalf before the Committee of the House of Commons, and his own expenses in the sum of Four Hundred and eighty seven dollars during the period that that Committee sat. It is notable that at that time Senator McDougald was in Ottawa attending the Senate of Canada. His answers on pages B181 and 182 as to why Mr. Starr's account should be paid by the Company and in what capacity Mr. Starr was appearing, may perhaps be taken as a general comment of his lack of frankness in connection with the whole matter of inquiry, because the record of the Commons Committee, particularly the statements of Mr. Starr as in what capacity he was appearing; the statement made to the Senate by Senator McDougald as to refusing to appear before the Commons Committee, are eloquent and conclusive of the fact that Mr. Starr was appearing for him in his personal capacity and not as chairman of the Beauharnois Power Corporation.

In conclusion, Senator McDougald made a private gain of \$451,975 and 168,000 class "A" shares from the Beauharnois enterprise, all obtained from public subscription from the people of Canada; while he was a Senator of Canada, in duty and honour bound to protect the interests of the people of Canada. (Pages B182-185.) The fact that he was thus prominent and a close friend and adherent of the Government of the day throws some light on his statement on page B184 when he took "A political gamble." Again it should be emphasized that he did all of these things believing, at least, that the property from which he made his money might have been the property of the Dominion of Canada, as evidenced by his application with Henry through the Sterling Industrial Corporation for that property and knowing, at any

rate, full well that even though the property was that of the Province of Quebec, it could not be used without the consent of the Governor General in Council of the Dominion of Canada, and that he was at all times aware that when the Order in Council, P.C. 422 was passed his partner in Sterling Industrial Corporation, Henry, was the Deputy Minister of Railways and Canals, the approval of which Department was necessary in order that P.C. 422 should be passed.

Senator Andrew Haydon

Senator Haydon is a member of the legal firm of Haydon & Ebbs. His first connection with development in the Soulanges section appears to have come upon his being approached in 1924 by Mr. Henry with a view to the incorporation of a company whose purpose was to apply to the Dominion Government for the diversion of water from the St. Lawrence river for the development of power on the south side of that river. He had known Senator McDougald for several years prior to this time (B190).

He had discussed power projects with him previously in 1922 or 1923 and in 1924 incorporated for him the Carillon Industrial Corporation and had lodged applications for the development of power with the departments of the Dominion Government (B191).

The first actual connection of Senator Haydon's firm with the present Beauharnois project appears to have been in the fall of 1928; the first entry in the account of Exhibit 88 being on the 30th day of September of that year. The evidence in respect to the matter is found at A727 and is hereafter quoted:—

By Mr. White:

Q. You are already sworn, Mr. Sweezey?—A. Yes.

Q. You have heard the evidence of the last witness?—A. I heard part of it, but not entirely.

The witness referred to is Mr. Ebbs of the Haydon firm.

Q. He says that by prearrangement his firm received a cheque for \$50,000 for legal services in connection with the Beauharnois Power Syndicate, and that you made the arrangement to settle that amount with a member of his firm?—A. Yes.

Q. Is that correct?—A. That is correct. I want to explain—

Q. Perhaps you will let me conduct the examination. With what member of the firm was the arrangement made?—A. Mr. McGiverin.

Q. What was the arrangement?—A. The arrangement was the result of much discussion. First I went to see Senator Haydon but he was not in, and I saw Mr. McGiverin. I asked to have his firm retained as my counsel and guide in Ottawa in our efforts to have our plans approved. He heard my story about what we were aiming at and explained that it would be probably impossible for him to act for us because he was already under retainer from somebody else whose interest he thought would clash with ours, but as that retainer ended soon he would know in a given time, which was a matter of a few weeks, as I recall it, whether or not he could act for us.

Q. Did he tell you who?—A. No; I only had my suspicion as to who it was.

Q. Sterling?—A. No. I understand it was the Shawinigan Company.

By the Chairman:

Q. Did you know anything of the Sterling at this time?—A. No. If I had, it did not mean anything to me.

Q. You did not know anything of McDougald's interest in Sterling?—A. In 1928, no.

Q. Yes?—A. Then when I saw him again he had—apparently the other retainer had worked its time out and he was free to act for us, and then I entered into a discussion upon the terms upon which he would represent us, and he asked a retainer that I thought was much too much, particularly as we were not sure of our ground up to that time. He asked a retainer of so much a year, which, as I remember it, was in excess of \$30,000.

Q. A year?—A. Yes. So I thought it was too much; but after quite a lot of discussion, I said that if our efforts were successful and the company were launched and going, it would not be so bad to pay that much, but if we did not succeed and I had to take it out of the pockets of a few members of the syndicate, it was difficult. However, by a compromise I agreed that if the thing got through I would much prefer to pay on that basis; if it went through I would pay him \$50,000, and a retainer for three years at \$15,000. To me it looked much easier to do so on the event of success than to do it regardless of the time and conditions we then faced.

Q. It always makes the lawyers work harder?—A. It is human nature to work harder at a price.

By the Chairman:

Q. In the event of failure, what was going to happen?—A. Well, he would have his expenses. At least I presumed that he would have to have his expenses. I did not make—

Q. You did not make any provision?—A. No. I was sure that he would charge us something for it.

By Mr. Lennox:

Q. When were you to pay the \$50,000?—A. I am not very clear just on how definite it was, but it was to be done at the time when everything would be approved in the way of getting what was necessary under the Navigable Waters Protection Act.

See also page A729 as follows:—

Q. And when you employed Senator Haydon and agreed to pay him \$50,000 that fee was contingent on the Order in Council passing?—
A. Yes.

The voucher itself, Exhibit No. 88, shows the payment of this amount by cheque of the Marquette Investment Corporation (which was the disbursing concern of the Beauharnois Company), of the 17th October, 1929. There is no account rendered and there are no details whatever filled in, in the voucher.

Mr. Sweezey's explanation of this is contained on page A279. The only answer to these statements of Mr. Sweezey is contained in the examination of Senator Haydon in response to his counsel, beginning at B188, wherein he denies that the retainer for his firm had anything to do with the passing of the Order in Council, and that it was, in fact, given for a gathering together of the various loose ends and putting this in the form of a financial company, which later became the Beauharnois Power Corporation (B190). He also states that the \$50,000 fee was arranged after discussion between himself, Mr. McGiverin, his late partner, and Senator McDougald. The evidence with respect to this is on page B239, from which the following is quoted:—

By Mr. Mann:

Q. What were the circumstances of that retainer, Senator Haydon? How did it come about?—A. Well, Sweezey says that he—

Q. I do not want that?—A. That he talked to Mr. McGiverin in the fall of 1928. If he did I have no personal knowledge of it. I was away during a great deal of the fall of 1928.

Q. Let me interrupt you, Senator Haydon: I want your answer, not Mr. Swezey's; do you know how that retainer came about—the circumstances of that \$50,000 retainer?—A. It just was a general clean-up for everything done.

Q. A general clean-up for everything done?—A. As far as I know, and to be done.

Q. But who arranged the value of the services done? Did you or your partner, the Hon. Mr. McGiverin?—A. I suppose he did most of it.

Q. Did you discuss with your partner?—A. Yes, I think I did.

Q. And did you jointly come to the conclusion that \$50,000 was—
—A. Yes, I remember his distinctly saying that it would be satisfactory that they would pay.

Q. Who suggested \$50,000?—A. I think it was suggested—as far as I know personally it was suggested by Senator McDougald. As far as what Mr. McGiverin did, I think—I don't know—I know that it was his view, McGiverin's view, but what they did among themselves, talking and so on when I was absent, I simply don't know.

Q. So that before that amount was paid, in concert with yourself, Senator McDougald and Mr. McGiverin, this amount of \$50,000 was arrived at as being a fair amount for the services rendered; how long before it was actually paid?—A. Oh, perhaps a year.

Q. Perhaps a year before?—A. A number of months. As far as I know it was worked out with reference to the completion of a final company which should gather in the Beauharnois situation, which Company did become the Beauharnois Power Corporation.

Q. It was a generous offer by somebody; is that what I am entitled to say to you?—A. Well it was a proposal, as far as I can remember, to clean up what had been done, and go on and clean up what was necessary still to do, in view of the need for completing a company in this concern which should be a financial company of that undertaking—just one of the many companies concerned with which we had nothing to do.

Q. And, may I take it, that was with a view of vesting in that company some substantial rights to carry on its projects?—A. Oh, it would have to be a company that would gather in all the rights some day otherwise it would not be any good.

Q. And it was in that view that you were retained to the extent of \$50,000, namely, the gathering in of all rights?—A. No.

Q. What was it you were retained for?—A. I have already told you, for doing a lot of things that we had already done for a number of years, and things to be done; what they were was perfectly indefinite, or fairly indefinite, as to time.

Not one bit of work had been done for Beauharnois prior to the arrangement for the retainer.

In addition to the \$50,000, an arrangement was made for the payment of a retainer to the McGiverin, Haydon firm of \$15,000 a year, payable in the amount of \$7,500 each half-yearly, which cheques are Exhibits in the present case. Vouchers show these \$7,500 payments clearly to be semi-annual payments of this sum of \$15,000 over a three year period. The arrangement, therefore, which, as the evidence clearly discloses, was arrived at in the fall of 1928, was that the firm of McGiverin, Haydon & Ebbs should be paid a yearly sum of \$15,000 for a period of three years, and a contingent retainer of \$50,000 upon the passing of an Order in Council which subsequently became P.C. 422.

The agreement to pay these large sums of money necessarily leads, therefore, to an examination of work done by that firm for Beauharnois Syndicate, and later the Beauharnois Company. To this end the accounts of McGiverin, Haydon & Ebbs have been filed as Exhibits 88, 143, 144 and 151, which speak very eloquently for themselves.

Exhibit No. 88 is an account for disbursements only of J. P. Ebbs of that firm for his expenses to and from Montreal, where, as the evidence shows, he attended all of the meetings of the Syndicate Managers from the time he took over the Moyer interests on behalf of Senator McDougald, namely, on the second day of October, 1928. It is quite conceivable that the Beauharnois Company should pay the expenses of its Syndicate Manager to and from the place of meeting, and this is probably the reason that only disbursements are charged to Beauharnois in this connection. However, such charges as would be made for these services by the firm of McGiverin, Haydon & Ebbs would in any event be made direct to Senator McDougald, as, of course, Ebbs was acting merely as his nominee. This account runs from September 30, 1928, to the end of September in 1929, and it should be said in fairness that while it includes the disbursements of Mr. Ebbs attending many meetings, it does include telephone and telegraph charges and an odd trip to Toronto, which may be said to be in the course of legal duties carried out for the Beauharnois Syndicate.

A perusal of the files submitted by Mr. Ebbs, Exhibits 152, 153 and 154, indicates clearly that aside from the services rendered by Mr. Ebbs in connection with the incorporation and organization of the Beauharnois Power Corporation, little or nothing in the way of legal services were rendered by this firm to the Beauharnois Syndicate or Company and that the sum of \$7,500 was the first payment made to this firm on the 4th day of October, 1928, which fixes definitely the arrangement made by Mr. Sweezey with this firm.

Exhibit No. 152 deals solely with Beauharnois and according to the evidence of Mr. Ebbs (B. 263) represents the legal work done for Beauharnois:—

Q. But this Exhibit 144, you will observe, represents legal work done for Beauharnois?—A. Yes.

Q. So that the Beauharnois account and the Beauharnois file reflect the work which was done by your firm for that concern?—A. I think that is right.

It short, the sum of \$5,000 would be the most generous amount that one could imagine for the services performed, bearing in mind that in connection with the incorporation of the Beauharnois Power Corporation itself, as is clearly revealed by the file, the major portion of the work, including preparation of documents, was done by a firm of lawyers in Montreal, Meredith, Holden, Heward and Holden. This, shortly, leaves the position that Beauharnois had contracted to pay to the firm of McGiverin, Haydon and Ebbs the sum of \$50,000 definitely contingent on the passing of an Order in Council, and the sum of \$45,000 in sums of \$15,000 each over a period of three years, which has now elapsed, with the comparatively very small legal services rendered therefor.

It is a peculiar circumstance that matters affecting Carillon, Sterling and Beauharnois, as shown by Exhibits 143, 144 and 151, were all carried by the firm of McGiverin, Haydon and Ebbs in one continuous account and each set of entries has references in it to the others. The only explanation we have of this is contained in the evidence of Miss Lyla Brennan, from which evidence the following is quoted:—

Q. Now, if you will look at these, Miss Brennan, you will observe that in so far as your office is concerned, they all seem to have been treated as one account. For example, if you will take exhibit 143, which

is the Sterling Industrial Corporation, you will observe a balance of \$660.53, which is simply carried forward into the Beauharnois account?—A. Yes.

Q. You did the bookkeeping, I believe?—A. No, sir, I did not.

Q. Well, you succeeded as the book-keeper?—A. I have only been doing the bookkeeping since last June.

Q. But probably you can tell me the object of the accounts being carried that way?—A. I am afraid I cannot. I did not know why they were carried.

Q. You say you did not keep the books?—A. No.

Q. Do you know of anyone available to-day who can tell me why the Sterling account was simply carried on to the Beauharnois account?—A. I may say that had I been doing the books I might have probably done the same thing, for the reason that the Sterling Industrial account was for Dr. McDougald, and with regard to the Beauharnois account, or what we called the Beauharnois account, in 1928, in the fall of 1928, when Mr. Ebbs first began making visits to Montreal, he was representing Dr. McDougald and for that reason they probably were looked upon, both of them, as belonging to Dr. McDougald.

Q. And then you will observe the Carillon account also refers to the Sterling account?—A. Yes.

Q. And probably the same answer would be true with respect to that?—A. In so far as I know.

By Hon. Mr. Copp:

Q. You presume that is true? You do not know?—A. I presume that to be true.

Q. You do not know personally anything about it?—A. I did not keep the books.

By Mr. Smith:

Q. You did not actually keep the books?—A. No.

Q. And you do not know who did?—A. I know Miss Fraser kept the books.

Q. Is she still here?—A. Yes. I have not seen her lately but she is a resident of Ottawa.

By Mr. Robertson:

Q. Miss Fraser is no longer with your firm?—A. No.

Q. I understand.

Mr. SMITH: Will you excuse me a second please?

By Mr. Smith:

Q. Mr. Mann suggests you were in the office at that time?—A. Yes.

Mr. ROBERTSON: That is what I was going to ask.

Mr. SMITH: Perhaps I can help you again.

By Mr. Smith:

Q. Under whose directions were those entries made?—A. Miss Fraser was with the firm twenty-five years and I do not think anybody directed her. She was entirely trusted and I think she put them in of her own accord.

Q. She did not carry on the whole legal practice in the office?—A. No.

Q. So that when a member of the firm had certain transactions, he would naturally instruct the book-keeper when an entry was necessary?—A. When an entry became necessary the entry was made by the stenographer who did the work for the member of the firm.

Q. By way of a daily blotter?—A. Yes.

Q. And these entries arose from those blotters?—A. Yes.

CAMPAIGN FUNDS

Next in order the campaign contributions should be considered. These sums paid to Senator Haydon, according to his own story, is revealed in his opening statement at page B189 and of his elaboration of that statement at B244, amounted to between \$700,000 and \$800,000. These payments were made in varying sums shortly prior to the election of 1930. Mr. Sweezey's statement of these campaign contributions is contained in the evidence before the Senate Committee beginning on page B49. Mr. Sweezey's answers on page B50 are of some importance, from which the following are quoted:—

Q. Perhaps Mr. Griffith knows more about that aspect of it than you do?—A. He may be more familiar with it than I am.

Q. Do you think he is much?—A. I think he is, but I don't think he has kept a record of it.

Q. No. I can quite understand that.—And you have none?—A. No. It is not a thing one is, well, just proud of—much.

Q. And I take it Mr. Griffith was probably of a like mind. But, can you fix the time any more definitely, that is to say, extending over a few weeks prior to the Dominion election of 1930?—A. No, I cannot be more accurate than that because I know that it was probably in the late spring, beginning in the late spring, and that may be May or June. I don't think there was much paid until June.

Q. Whom did you first see in connection with the payments?—A. Senator Haydon.

Q. Where did you see him?—A. I don't recall just where, but he told me an election was coming on and, of course, we were regarded as probably good subscribers; and from time to time more requests came in and as they became more urgent I became more alarmed, but paid what I could and then stopped.

Q. Yes. From whom did these requests continue to come?—A. From Senator Haydon as the trustee or collector for the fund of the Liberal Party.

Q. And, as you say, you raised what money you could, in the aggregate you raised between \$600,000 and \$700,000. When you could raise no more you stopped—that is what you told me just now?—A. Yes, when elections were on, and I could not raise any more just then. I don't know if they wanted any more, but I am quite sure it would have been accepted if I could have produced it.

Q. I am sure that would be quite true of any election, or of any party, or of any lawyer for that matter. Coming back to it, you have not told me when you had your first conversation with Senator Haydon, or what it was. I just want to make it clear before I leave it; that you have told me all you remember of that conversation which took place on that first occasion?—A. I think it worked up gradually. I do not think he demanded all that money all at once or I might have been frightened.

Q. I am very anxious not to lead you, particularly in a matter of this sort. Do you recollect anything further of that first conversation?—A. No, I do not even recollect a specific first conversation. I do not know just when the thing emerged from its hazy state into one of definite production of funds.

Q. Then you had further conversations, I gather, with Senator Haydon?—A. Yes, from time to time.

Mr. Sweezy also on page B117 makes the following answers:—

Q. I think I should ask you this; there has been some question as to funds coming from the corporation and funds coming from yourself, would you have made those donations, some large in amounts, were it not that you were promoter of Beauharnois?—A. Most unlikely.

Q. Is that all you have got to say about it?—A. Well, I think it is obvious that I would not have. I might have been generous but not to that extent.

The obvious conclusion to be drawn from these tremendous contributions made to Senator Haydon, on his request, and the fees paid to his office, which are all out of line in respect to services rendered therefor, particularly the large fee of \$50,000 contingent on the passing of Order in Council 422, justify in toto the unanimous finding of the Committee of the House of Commons with respect to Senator Haydon. It must be borne in mind that Sweezy contemplating the user of the full flow of the St. Lawrence River was far from finished seeking favours from the Dominion Government.

Senator Haydon was not examined before the Committee of the House of Commons, and in response to questions asked by his Counsel before this Committee read written replies from a document which contained both questions and written replies. The denial of the contingent fee is in general terms, but the history of the work done by his firm and the accounts filed by it for the work done, drive one to the irresistible conclusion that Sweezy told the plain truth in respect to this transaction, and that Senator Haydon's firm was paid this sum of \$50,000 and received the large retainer over the three year' period which it did, for favours to be done other than legal services and this connection with the later payments by Sweezy in 1930 of such tremendous sums of money justify fully the statement of the Committee of the House of Commons that his actions cannot be defended and should be strongly condemned. It is not too much to say that the only logical conclusion that one can come to is, having regard to the very high place which Senator Haydon held in the Liberal Party, that the influence which he necessarily must have had with the Government of the day was what was sought to be purchased.

There are two further matters on which Counsel feel it their duty to comment.

The first is what is known as the Ferguson incident. It will be remembered that Senator Haydon stated very emphatically and with much heat that in a conversation with Sweezy, referring to the contract between Beauharnois and the Ontario Hydro-Electric Power Commission, that Sweezy had said "Howard Ferguson won't let it be signed until he gets \$200,000" (B199). It is perhaps sufficient to point out that Mr. Sweezy categorically denies this statement, pointing out that he only met Mr. Ferguson twice in his life and giving details of these two meetings (B217). Mr. Ferguson also at his own expense and at the very first opportunity came all the way from London, England, to be heard, and he categorically denied that he had ever had any such conversation with Mr. Sweezy or with anybody else with respect to this or any other sum, and his recollection of the two meetings which they had, corresponds with that of Mr. Sweezy.

There is a further matter which Counsel suggests deserves comment. At the beginning of the inquiry Mr. Robertson, K.C., Counsel for Senator Haydon, advised the Committee that his client wished to give evidence. He also said that his client was ill. The Committee complied with his request and went on two occasions to Senator Haydon's house to take his evidence, two occasions being necessary because on the first occasion the Committee was advised by Senator Haydon's physician that he should not be questioned further at that

time; in fact, everything was done by the Committee to oblige Senator Haydon in permitting him to make the fullest statements and explanation which he or his Counsel saw fit to make to the Committee. In a carefully prepared and typewritten series of questions and answers his evidence was opened and in these answers he complained of the hateful publicity of last year and the very great wrong which he said had been done him (B190). He was examined by Counsel for the Committee, and his whole attitude was anything but frank. His answers, on the few occasions that he did make his answers responsive to the questions asked him, were delivered in a very resentful manner, with much heat and with a disrespect amounting at times to abuse of Counsel.

The above two incidents are brought to the attention of the Committee in order that they may be of some assistance in forming a judgment as between Senator Haydon and those witnesses who he has attempted to contradict.

SENATOR DONAT RAYMOND

The report of the Commons Committee in respect to Senator Raymond is found on Roman numeral page A26, and so far as it purports to deal with facts, is not in dispute by anyone.

Senator Raymond in answer to the findings of the Commons Committee; namely,

(a) That he should have been more frank with the Committee and disclosed the \$200,000 campaign contribution from Sweezey;

(b) That it was hardly conceivable that Sweezey should pay this large sum of money over to Raymond unless he was satisfied that the Senator's influence had been or would be worth the money;

(c) That it was remarkable that Senator Raymond did not insist upon making some explanation of his position in this regard in view of the evidence.

He replies to this before the Senate Committee by reading under oath, a written statement wherein he explained that at the time he gave his evidence before the Commons Committee there had been no mention of campaign funds and he was not asked anything about campaign funds; that if he had been so asked he would have stated that during the electoral campaign of 1930 he was acting as trustee for the funds of the Liberal Party and in that quality only had received from Mr. Sweezey, of his own motion, the sum which Sweezey subsequently mentioned in his statement to the Commons Committee; that in due course he turned all of this money over to the treasurer of this party; that he subsequently received a telegram from the Committee asking his presence in Ottawa; that he was informed by Mr. Mackenzie, who said he had conferred with the Chairman, the Honourable Mr. Gordon, that Senator Raymond would not further be required; that he again informed Mr. Mackenzie that he would be subject to the call of the Committee at any time and could be in Ottawa at three hours' notice (Pages B33-34-35).

It is not deemed necessary here to set out the early history of Senator Raymond's connection with the Beauharnois project, as that is very clearly done at Roman numeral page A26 hereinbefore referred to.

"(1) Senator Raymond was appointed to the Senate on the 20th December, 1926. He, voluntarily, after the permission of the Senate had been granted, appeared before the Committee on the afternoon of the 16th July, 1931, and stated that he had subscribed on the 1st April, 1927, at the suggestion of Honourable Mr. Mitchell and Mr. Frank P. Jones, for 800 units of the Beauharnois Syndicate at a price of \$30,000, which he paid. These became 1,600 units in the second syndicate and as was his right, he subscribed for 1,600 further units, in the name of J. R. Lefebvre, and made his holdings 3,200 units. On the whole

transaction he realized as of the 17th December, 1929, \$529,600 profit and 14,040 shares of Class A stock of the Beauharnois Power Corporation, Limited. Senator Raymond sold all his originally acquired units at the same time that Mr. Frank P. Jones sold his at \$550 per unit, and later Senator Raymond bought from W. G. Mitchell 350 units and from R. T. Fuller one unit in the Beauharnois Power Syndicate and he held these at the dissolution of the Syndicate on the 17th December, 1929. His total profit was as above mentioned. He states that neither at Quebec nor at Ottawa did he exert or attempt any political influence on behalf of the Beauharnois applications. His evidence is that he "did nothing to push the deal." On page A794 of the evidence, Senator Raymond was asked:—

Q. Then are we to understand you to say, that having this interest in this project and knowing that there was a very strong opposition and a big fight being put up, you never turned a hand to help it at all?—A. I do not know if there was anything in my power to do towards helping it.

Q. Well, you could help?—A. I thought the only help that I could give was to put my money in.

Q. I may take it then, from what you say, that we have your unequivocal statement that at no time did you attempt to exert your personal influence on behalf of this project?—A. At no time.

"(2) At the conclusion of his evidence one of the members of the Committee expressed the view that he ought to be commended for his frankness in giving his evidence. It was, however, later disclosed in evidence that according to the bill of Messrs. Geoffrion and Prud'homme, counsel for the Beauharnois Syndicate (Exhibit No. 114) from September 10, 1927, to May 23, 1928, there appear some sixteen entries charging for interviews with and telephones to and from Senator Raymond. An interview appears to have taken place on one occasion with Honourable Mr. Mitchell and on another occasion in Ottawa with Senator McDougald.

Senator Raymond was examined (pages B129 to 138 inclusive), and recalled (page B147).

There is no doubt that Senator Raymond knew that the grant to the Beauharnois Company from the Province of Quebec was valueless without the approval of the Dominion Government (B130).

Q. But you knew the grant from Quebec was valueless without the approval of the Dominion Government?—A. Exactly.

Q. And with that knowledge you saw fit to invest \$190,000, or to commit yourself to invest \$190,000 with that knowledge at that time?—A. Exactly.

Senator Raymond also was not concerned as to the ownership of the power rights at the time he made his purchase (B131).

Q. And you have since learned, of course, that the Robert rights were pre-Confederation rights; then were you concerned at the time about the ownership of the rights between the province and the Dominion?—A. I was not.

In fairness to Senator Raymond it should be pointed out that he had been advised by Mr. Geoffrion that the rights to the power were vested in the province of Quebec.

Q. Now, I want to know if you had any view as to who had the control of this hydraulic power—the province or the Dominion of Canada?—A. I was always under the impression that it was Quebec, and I don't know at what stage, but he told me, "All we need to take from Ottawa is whether it is for navigation or not, and our engineer says no."

Q. And who did you consult to form an opinion that this was the property of the province of Quebec?—A. Our solicitor.

Q. Who was that?—A. Mr. Geoffrion.

Q. And you know of references made to the Supreme Court of Canada, I suppose, in respect of that?—A. Yes.

Q. I won't ask you what Mr. Geoffrion told you about that—I think you told us that the other day—but you were one of those persons who from the first were under the impression that those rights belonged to the province?—A. Exactly.

Q. You were also aware that navigation belonged exclusively to the Dominion?—A. Yes.

Q. Or did you worry about it? Did you think about it?—A. No.

Q. Then I want to know if at the time you made this subscription, you were concerned about who owned the water rights at that time?—A. I understood that they had bought the Robert rights.

Q. And it was on the Robert rights, then, whatever they were, that moved you to subscribe to this concern?—A. Exactly.

Mr. Jones had repeatedly asked Senator Raymond if he could not do something to get some action, obviously in reference to the Dominion Order-in-Council (B132).

Q. Mr. Jones has said that he saw you repeatedly in Ottawa in 1928, and asked you—

Mr. VIEN: I think my learned friend will find that Mr. Jones has not stated definitely that he has seen the senator in Ottawa. He stated that he had seen the senator, but I do not believe it was in Ottawa.

The CHAIRMAN: I do not think, Mr. Vien, really that you need interrupt him. He is treating the witness very fairly.

Mr. VIEN: Mr. Chairman, I am sure that I hope I am not interrupting as meaning that Mr. Smith is not treating the witness very fairly; he is, I am convinced, but I think it is better to correct some inaccuracies of fact which are unintentional than to let those go on record incorrectly, for the greater comprehension of the record. I did not want to interfere unduly.

Mr. SMITH: I will leave out the word Ottawa; it is immaterial to me; Mr. Jones said this, on page A391—he had been asked as to what he was doing to further his project, then the word “assisted” was used, and counsel for the Committee said this, “It is a common English word,” and Jones replied, “Well, my answer is that anybody who took an interest in it and who listened and got his view as to who owned the water, gave us their opinions by way of assistance, otherwise direct assistance, nobody that I know of.” Then he says, “I certainly asked Senator Raymond over and over again if he could not do something to get some action.”

By Mr. Smith:

Q. Now, did he do that ?

Mr. VIEN: Will you finish the thing?

Mr. SMITH (reading): “—Now, I think I should perhaps mention I thought that perhaps the Premier was waiting for this assistance of the reference case to the Supreme Court.”

The WITNESS: Mr. Jones asked me, but the fact that he said over and over again means that I had not done very much in the matter of helping him.

By Mr. Smith:

Q. But did Mr. Jones over and over again ask if you could not get some action—and of course that action was at Ottawa at that time, wasn't it?—A. I couldn't say.

Q. But you are sure of that—Jones was here in 1928 very often?
—A. No doubt he did ask me, but I have not done anything.

Q. You were in the Syndicate?—A. I could not do anything. I am not an engineer, and if it is a matter of engineering concern, whether it will interfere with navigation or not—

Q. Senator Raymond, you are not suggesting for a moment that Mr. Jones would be asking a request of you as an engineer to be doing something, because you are not an engineer, and he knew that; no doubt about that?—A. No doubt about that.

Q. So I think we can eliminate any other such request of Jones to you; then what assistance was he asking you for?—A. I don't know that he mentioned anything emphatically.

Q. He says he saw you over and over again—"I certainly asked Senator Raymond over and over again if he could not do something to get some action." Now, what were those conversations?—A. He asked me if I could do something and I told him no—I presume so.

Q. Then he asked you again if you could do something, and you told him no?—A. I again told him no.

Q. He was very persistent, apparently?—A. Yes, and I was the same, persistent in saying I could not do anything.

Q. You constantly, through your associate, Mr. Jones, said no; did you give him any reason?—A. No.

Q. He is an able business man, is he not Mr. Raymond?—A. Yes.

Hon. Mr. CANNON: Do you know him personally?

Mr. SMITH: No, I do not know him, but I understand he is able and persistent.

Mr. MANN: And Scotch.

By Mr. Smith:

Q. Perhaps the measure of his persistence and intelligence is that he continued to ask you to do something, and you merely said no?—A. I could not do anything.

Q. Cannot you remember any more of his conversations?—A. No.

Q. You remember nothing more than that; if you could not assist on the engineering side, on what side might you have been of assistance?—A. I don't know of any.

Q. What Government was in power at that time?—A. Liberal.

Q. That would be the late Government of Right Hon. Mackenzie King; that was the Government that was in power at that time?—A. Yes.

Q. And I suppose with some pride you can say you belong to the same political persuasion?—A. I do.

Q. And, being of that persuasion, can you suggest to me that you would have no influence here in the Government?—A. I don't think I had, I am sure I had none.

Q. You must have had some before you were summoned, but we will not go into that; but surely you would have some influence in Ottawa, wouldn't you?—A. None whatever. If I did I never tried to use it.

Q. That may be better, but surely you had some?—A. I don't know that I had. I never tried it.

Q. Jones thought you had some?—A. He might.

Q. He did, didn't he? Otherwise why would he be asking you those foolish questions?—A. He might.

From a perusal of the above evidence it is clear that Mr. Jones, whom evidence discloses to be an able man of business, repeatedly saw Senator Raymond with a view to procuring the passing of the Order in Council in Ottawa.

Certainly he was not discussing engineering problems with him. The explanation of Senator Raymond of these conversations and of his replies to Mr. Jones by merely saying no, is, at the very least unsatisfactory.

Senator Raymond sold out to Mr. Sweezey and associates in September or October of 1929 (B137), retaining or re-purchasing 351 part interests in the second syndicate.

Senator Raymond states generally that he took no part in the Company in so far as advancing the project was concerned. He certainly was in communication with the syndicate's solicitor on numerous occasions, as shown in Mr. Geoffrion's bill. (B135 and 136).

Q. Now, you had many communications and interviews with Mr. Geoffrion. I have Exhibit 114 here and I have counted up and find you had, I think, twenty telephones and communications with him—I mean by telephone or in person, you understand, in connection with Beauharnois, because it is his bill with respect to Beauharnois. I have no intention of going into this in any detail at all. Probably you cannot remember them; one's memory, perhaps, cannot do that. But I suggest them to you to show that you were taking a very active interest in the progress of Beauharnois.—A. I think I have already declared that in the spring of 1928 I was not in Canada, but I passed through and naturally I would call up Mr. Geoffrion to find out as to progress.

Q. Is that all? You see, these are again in September, 1927.—A. I was in Montreal then.

Q. And they carry on through December, three occasions; January, 1928, three occasions; January again, five occasions; February, two occasions; April, three occasions; and May, two occasions. Just a minute; I want to see whether those interviews were prior to or after the emphyteutic lease. I understood Mr. Geoffrion to say that after that he had a bill which indicated to him that he had been in communication with you. Would that be correct?—A. Yes.

Q. With respect to what?—A. With respect to the financing of the project.

Q. Did it have anything to do with the passage of the Order in Council?—A. Not at all.

Q. Nothing at all?—A. No, sir.

Q. Your position then, sir, to make it plain, is that you were simply taking no interest in that matter at all?—A. None at all.

Q. Although it was something in which you had a very, very substantial financial interest?—A. I would not call it very substantial.

Q. You mean comparatively?—A. First \$30,000, and then finally I was \$10,000 to the good. I do not call that very substantial.

Q. At one time you were committed for \$190,000, which I—forgive me—thought was rather substantial. You did have those many dollars committed to this enterprise?—A. I was responsible.

Q. And your position is that even though that was so, you were not interesting yourself to have that step taken without which there could be no success?—A. I do not see what I could do in the matter. And I was never part of the syndicate.

Q. It never appeared in your name, you mean?—A. No, I mean I was never a director, and I was never in the company.

Hon. Mr. CANNON: Never a manager.

By Mr. Smith:

Q. You were never a manager of the syndicate? That is what you mean?—A. Yes.

Q. You mean you would not know what to do in order to advance an Order in Council?—A. Exactly.

Q. You would probably hire Col. Thompson, Mr. Pugsley and Mr. Greene?—A. I did not know any of those gentlemen either.

Q. Before you had subscribed for anything, I observe by Mr. Geoffrion's bill he had a number of interviews with you. Your subscription was about April 1, 1928, your first \$30,000?—A. April 1, 1927.

Q. I think you mean the 27th of March, do you not? The first syndicate dissolved on the 4th of April.—A. 1928. My first subscription was on the 1st of April, 1927.

Q. So that you had subscribed in April, 1927?—A. Yes.

Q. I want to read you one or two items from Exhibit 114, page 5. There is an item of January 23, "telephone to Mr. Sweezey, interview with Senator Raymond"—A. What year was that?

Q. January, 1928. (Continues reading): "Interview with Senator Raymond; further telephone to Mr. Sweezey; a letter received from Mr. Cannon of the 23rd inst.; telephone from Senator Raymond; interview with Mr. Sweezey; telephone from Hon. Mr. Mitchell; interview with him; interview with Senator Raymond; letter received from you enclosing copy of pleadings in *Montreal Trust v. Sweezey*." And on January 25: "Telephone to and from the Hon. Mr. Mitchell; telephone to Senator Raymond; telephone to Mr. Howard." And on the 26th: "Telephone to Mr. Mitchell; telephone to Senator Raymond; telephone to Mr. Howard." I have referred to four days in which you were in constant communication, and I was just wondering if from the readings of those to you, you could recall the substances of those conversations?—A. I think I mentioned before in my evidence that I left Montreal on December 17, 1927. I do not know exactly what date of the month I came back to attend to my duties in Ottawa, in January, I presume. I might have been in Montreal for a couple of days, two or three days—I doubt that I was in Montreal more than that time. I came at the opening of the Session and I went back to Florida to attend my family, and I did not return until some time in April. So it was natural for me to call up those gentlemen and find out what progress had been made as far as our application was concerned.

Q. Then you were taking an interest in the passage of this application?—A. Certainly.

Q. And it is only fair to say that you were probably taking a similar interest in the passage of the application with the Dominion Government?—A. With my associates and no more, the same in Quebec as in Ottawa.

Q. That is your position, that you were active, but with your associates, and that you did not influence any Cabinet minister?—A. Exactly, to find out as to progress.

Q. But what I have in my mind and what I understood you to frankly admit is this, that you were very much interested in the passage of that Order in Council, although anything you did was a quite proper thing to do. That is a summary of your proposition, isn't it?—A. I was interested in it but I never made a move towards it.

Then there is a further bill filed by Mr. Geoffrion as Exhibit No. 131 and on which Senator Raymond was not examined, as the bill was not at that time filed, but in it we find the following interviews, by telephone or in person, with Senator Raymond: October 25, 1928; November 6; November 22; December 3; December 5; December 7; January 10, 1929; January 12, January 21, which

item may be quoted in full: "Greater part of the day in conference with the Hon. Mr. Mitchell, the Hon. Mr. Raymond, Messrs. Jones and others. Letter to the Hon. Mr. King." January 26; January 28; February; this was in attendance at Mr. Raymond's own office. February 23.

Then again there is the further evidence given by Senator Haydon of the delivery of further campaign funds to Senator Raymond. With respect to the subsequent bill of Mr. Geoffrion's and the evidence given by Senator Haydon with respect to delivery of campaign funds to Senator Raymond, Senator Raymond has as yet not seen fit to give any explanation to the Committee, merely contenting himself with saying that he did nothing to influence any person in the Government with the view to passage of the Order in Council 422.

It follows that the criticism of the Commons Committee with respect to his lack of frankness is one which may well be repeated in this inquiry.

He stands in the position of having made from his venture, \$529,600 profit in cash, together with 10,040 Class "A" shares of the Company (B137).

While it is true, therefore, that the moneys which Senator Raymond received did not come directly from the public, it must have been at all times obvious to him that when the part interests which he sold to Swezey were, together with the other part interests, turned over to the Company, which had then been incorporated; namely, September 17, 1929, the same would be paid for by cash or shares in the Company, the cash for which was provided directly by public subscription, and the shares of which were open to public subscription. It will be borne in mind that on the 31st day of October, 1929, at a meeting of the Company, the agreement for the purchase of the Syndicate by the Corporation was submitted, although this was not carried into effect until the following December, and when it is borne in mind that Mr. Jones, followed by Senator Raymond, sold out their interests in the Syndicate because of a difference of opinion as to the amount of bonds to be sold the public between himself on the one hand and Swezey and Dominion Securities on the other. (See A381).

Going back to the question of the purchase of part interests by Senator Raymond in the first syndicate, he makes it very clear that it was at the solicitation of Mr. Jones that he entered the syndicate.

Q. What advice did you have to invest all this very considerable amount of money?—A. I was asked to join at the beginning by Mr. Jones, which I did at that time, and it was only for \$30,000.

While Mr. Jones takes quite the opposite view. (A388).

By the Chairman:

Q. Was Senator Raymond an associate of yours in the syndicate? —A. I do not know whether he is or not.

Q. Was he?—A. I do not know whether he was or not.

Q. In the second syndicate?—A. The second? I do not know. That is a thing I took no interest whatsoever in. I knew I was in the minority, and I was depending—

By Mr. White:

Q. Was he a member of the syndicate?—A. I do not know.

Mr. JACOBS: The agreement will show that.

The WITNESS: I cannot say. I do not know. The agreement will show that.

By Mr. White:

Q. I was wondering if you had any choice or selection in the matter of those with whom you were making your bid?—A. Not at all. I went into that as I told you, with about twelve and a half to fifteen per cent

interest. I never had had anything to do with placing the syndicate stock. They asked me to become president. I became president under the impression that they would agree with me. I was wrong, and therefore I had to get out. That is the history.

In accepting from Mr. Sweezey the sum of \$200,000 and from Senator Haydon a large amount, the same comment as has been made with respect to Senator Haydon applies to Senator Raymond with equal force.

OTTAWA, April 9, 1932.

The whole respectfully submitted.

J. A. MANN,
A. L. SMITH,
Counsel for Senate Committee.

MEMORANDUM ON BEHALF OF HONOURABLE SENATOR W. L. McDOUGALD

The position of Senator McDougald has been clearly defined in the sworn statement made by him to the Honourable the Committee of the Senate on the 9th of March, 1932. (Record of proceedings, page 138 and following.) Senator McDougald was closely cross-examined as to every detail of his statement. (Record of proceedings, pps. 148-185). His evidence has, we submit, in every way been corroborated by the evidence of other witnesses and the documents of record. This is in effect as follows:

THE FACTS

Save for a short interval in the year 1926, Senator McDougald acted as Chairman of the Board of Harbour Commissioners of Montreal from January, 1922, until October, 1930. On the 7th of May, 1924, he was appointed a member of the National Advisory Committee in connection with the development of St. Lawrence Deep Waterways and occupied this position until the work of this Committee terminated by the filing of its report on the 11th of January, 1928. In the month of December, 1926, he was sworn as a member of The Senate of Canada. On the 20th of April, 1928, he was appointed as a member of the Special Committee of the Senate to enquire into the waterways project, with which project for many years he had been intimately connected and in which he has always been deeply interested.

In the year 1923, or prior to his appointment to the National Advisory Board and nearly four years prior to his appointment to the Senate, Dr. McDougald had been connected with Mr. R. A. C. Henry and had agreed to finance that gentleman to the extent of \$10,000 in regard to possible power developments. The Sterling Industrial Company Limited was incorporated on the 5th of July, 1924, certain applications being filed with the Department of Railways and Canals by that company on the 5th of July, 1924, and with the Department of Public Works on the 7th of July, 1924. These applications and the plans filed with them were for the diversion of water from Lake St. Francis on the south shore of the St. Lawrence and lay dormant until the year 1928.

It should here be pointed out that the report of the joint board of Engineers which was adopted by the National Advisory Committee favoured a development on the north shore of the St. Lawrence, thus Mr. Henry states at page 94 of the proceedings "I felt that the report, in effect, contemplated a combined navigation and power development, partly in the river and partly on the north side, and not on the south side as was contemplated in the scheme I was advancing." On the 11th of January, 1928, this report was concurred in by a majority of the National Advisory Committee of whom Senator McDougald was one, he having been appointed to this Committee on the 7th of May, 1924. In concurring, Senator McDougald gave no consideration whatever to any possible rights that might have belonged to the Sterling Corporation by reason of these applications. These rights were limited to the south shore, and it may here be remarked that they were adversely affected by the report in question as a development of power on the north shore would necessarily have precluded any similar development on the south shore.

The first Beauharnois Syndicate had been dissolved on the 4th of April, 1928, and on the 18th of May, 1928, Senator McDougald agreed to purchase

the holdings of the late Mr. Winfield Sifton in the second syndicate, which then stood in the name of Mr. Clare Moyer, a barrister of Ottawa. This fact has been clearly established.

The sale of the Sterling Company, which was effected on the 18th of December, 1928, was concluded when Senator McDougald was in England, though it had previously been considered. It was an entirely fair and open transaction, agreed to after full discussions in some of which Senator McDougald took part. The evidence of Mr. Sweezy (Record of proceedings, pages 43-46). Mr. Henry (page 101 and page 104). Mr. White (Record of Commons proceedings, pages 559-560) and Mr. Griffith (Record of proceedings, page 81) will corroborate this statement. At the time of the transfer of the Sterling Company to the second syndicate, on the 18th of December, 1928, Senator McDougald was very largely interested in this syndicate, being then the owner of 3,200 units. It is absurd to suggest that holding such an interest he would willingly be a party to anything detrimental to the success of the enterprise. The sale of the Sterling assets was made in good faith and in the event of the project not being a success Mr. Griffith had arranged that those who had put in their money should in effect be given a preferential ranking over those who held the Sterling units (Mr. Sweezy, Record of proceedings, page 45). An examination of the Deed of Transfer, of the 18th of December, 1928, and of the evidence given before this Committee by Mr. Griffith will make this fact abundantly clear. The transfer was submitted to the Syndicate Managers and approved by them.

Senator McDougald's statement to the Senate on the 19th of April, 1928 was literally true and correct. At this time he had no interest whatever in the Beauharnois Power Project. It was only on the 18th of May, 1928 that he acquired the rights of the late Mr. Winfield Sifton in the Beauharnois Power Syndicate—the Second Syndicate—. This has been conclusively established. Nor had the Sterling Company itself or its owners at this time the slightest interest in the Beauharnois Project. The sale of the Sterling Company was executed on the 18th of December, 1928. (Report of Commons Committee, page 573.) The charges of "The Globe" in its issue of the 18th of April, 1928 were untrue. The charges of "The Mail and Empire" in its issue of the same date, with regard to Senator McDougald's motives and conduct as a member of the Advisory Committee were also unfounded, as has been above explained.

The statement to the Senate of the 20th of May, 1931, which has also been criticised, was equally correct. Senator McDougald's purpose in making this statement was to re-affirm the correctness of the one previously made by him on the 19th of April, 1928, to the effect that at that time he had no interest in the Beauharnois Power Company or Syndicate. This he did and as regards that portion of the second statement, in which he declared that "it was not until six months later, in October, 1928, I took an interest in the Beauharnois Syndicate," while it is true that the initial transaction took place on the 18th of May, 1928, it should be remembered that it was only on or after the 2nd of October, 1928, that the greater portion of his contribution to the Syndicate was made, that it was only on the 2nd of October, 1928, that he appointed his own personal nominee, Mr. John Ebbs, to represent him in the matter, and that he was speaking in May, 1931, of events which had taken place over three years before. There was no possible reason for him to deceive the Senate or anybody else as regards these dates. Nothing had occurred between the 18th of May, 1928, and the 2nd of October, 1928, to affect the matter in any way. (See evidence of Senator McDougald Record of proceedings, p. 172.)

We would here refer the Committee to Section 12 of the Report, of the Commons Committee which is in the following terms:—

(12) That Senator McDougald was a factor in the success of this venture is apparent from the Proceedings of the Special Committee of the Senate above referred to, of which he was a member. It appears that on the 31st of May, 1928, he was instrumental in having Mr. Henry then his partner in the Sterling Company, come before that Committee and answer certain questions. These questions had (see page 215 of the Proceedings) been prepared beforehand by Senator McDougald and submitted to Mr. Henry.

In the report of the Proceedings of the Special Committee appointed to inquire into the development and improvement of the St. Lawrence River, Messrs. Harvie, Ferguson and Henry were examined and at page 141 of the proceedings Senator McDougald stated:—

In all the deliberations of the National Board, of which I was a member, I think you will agree that it was natural and fitting that I should confer with the technical staff of the harbour on all questions affecting the Harbour of Montreal; and in order to facilitate matters, I have prepared a series of questions to be asked Mr. Harvie and Mr. Ferguson. I submitted the questions to them and asked them to prepare replies so that there would be no question about what they would have in their minds. Then, of course, any member of the Committee may ask any questions he sees fit.

Hon. Mr. MURPHY: Are they technical men?

Hon. Mr. McDUGALD: Mr. Harvie is General Manager of the Port of Montreal, and Mr. Ferguson is the Assistant-Manager.

The CHAIRMAN: I think that is very satisfactory.

And later, in regard to the examinations of Mr. Henry, the following appears:—(Report of Senate Committee, p. 215.)

The CHAIRMAN: We have Mr. Henry here. He is the Director of the Bureau of Economics of the Canadian National Railways.

Hon. Mr. McDUGALD: Before we start Mr. Henry's evidence, I would just like to say a word. During the investigations made by the National Advisory Board I was able, by the courtesy of Sir Henry Thornton, to go to Mr. Henry at all times, and he was in a position to give some very valuable information and supply very valuable data in regard to transportation, not only in connection with Railways but in connection with the Waterways; and I can say here that the information I obtained from him was of great assistance to myself and other members of the National Committee in arriving at some of the conclusions which we reached. Having that in mind, I think that perhaps you might allow me, as on the occasion when we had the men from the Harbour of Montreal here, to prepare some questions. Yesterday I prepared some questions, and submitted them to Mr. Henry last night, having in mind what you said yourself, Mr. Chairman, so that he might be familiar with them, and so that we might cover the ground quickly.

And later, the Right Honourable Mr. Graham remarks, at page 232 of the Report, relating to Mr. Henry's evidence:—

You and Colonel Dubuc and these other gentlemen have been giving us just the information that we have been after about these things.

In view of the foregoing, we submit that the inferences and suggestions made in paragraph 12 and following of the Report are entirely unwarranted, especially bearing in mind the fact that the evidence was being given, not exclusively in connection with any power project, but on the contrary almost entirely in connection with navigation.

Senator McDougald was only one of the twenty-five members of that Committee which at the conclusion of its efforts merely recommended "that the Senate at the beginning of the next Session of Parliament should consider the advisability of again appointing the Special Committee to continue its inquiry,"—a recommendation which was never acted upon.

We would also refer to paragraphs 19 and 20 of the Report of the Commons Committee:—

(19) Further in his speech on the 20th May, 1931, Senator McDougald said: "I might add that I paid into the Syndicate dollar for dollar with every other member of it."

(20) As previously pointed out in this Report, Senator McDougald, Senator Raymond and Mr. Frank Jones, bought their units in the first Syndicate for many fewer dollars per share than any other of the members, except possibly Mr. Sweezey who got some of his for a consideration other than cash.

The suggestions of these paragraphs are denied. Senator McDougald was never a member of the first or original Beauharnois Syndicate, this having been dissolved on the 4th of April, 1928, and his original investment having been made on the 18th of May, 1928, when he purchased Mr. Sifton's interests in the Second Syndicate. This the Committee of the Commons well understood, as will appear by paragraphs 3, 3a and 4, under the heading of "Corporate Organization," which are as follows:—

(3) The units subscribed for in the name of "Le Crédit Général du Canada" were subscribed and held for Senator Donat Raymond.

(3a) 1,000 of the units in the name of Newman, Sweezey & Company Limited, were held for Frank P. Jones and 50 for Fred M. Connell. The Honourable Walter G. Mitchell had a half interest in Mr. Jones' holdings.

(4) The units in the name of L. Clare Moyer are said to have been subscribed on behalf of the late Winfield Sifton. Senator Wilfrid McDougald states that on the 18th of May, 1928, he agreed to acquire them, the transaction being completed about the end of that month.

As Senator McDougald was not connected with the first Syndicate and had paid into the second Syndicate dollar for dollar with every other member in it, the suggestion to the contrary is unfair and improper.

In like manner Senator McDougald resents the statements of paragraph 9, of the report of the Commons Committee, in regard to the transfer of these units, this paragraph reading as follows:—

(9) In the meantime, however, namely on the 2nd October, 1928, these had been transferred from Mr. Moyer to Mr. John P. Ebbs, a member of the Haydon firm, by reason of some instructions from Senator McDougald, about which there seems to be some insolvable mystery, and about which there need not have been any mystery at all if the transactions were an ordinary business one.

This statement is peculiarly malicious in view of the evidence of Mr. Ebbs, a member of the Ottawa Bar, who testified to the effect that the shares in the new Syndicate had been purchased with Senator McDougald's money and who later said at page 723, in answer to a question by Colonel Lennox:—

Q. There seems to be an awful lot of mystery about McDougald?

A. There is no mystery as far as I can see. These shares of Senator McDougald were placed in my name. I gave Senator McDougald Declarations of Trust immediately.

The explanation as to why these shares were allowed to remain in Ebbs' name is simple. Until certain as to the soundness of the enterprise, Senator McDougald did not wish his name connected with it, as thereby others might possibly be induced to invest. These, we may add, were also the reasons of other members of the Syndicate who did likewise and whose names we need not mention.

ARGUMENT

It should be remembered that no charges of any sort have been made against Senator McDougald. In his opening address Mr. Mann states at page 22:—

These gentlemen, sir, do not stand charged before this Committee; they stand named in a report of the Committee of the House of Commons which this Committee has thought fit to act upon. They do not stand impeached before this committee in any way. They are here for the purpose of an inquiry into matters which have been mentioned and with which their names have been connected throughout the evidence given before the House of Commons Committee.....

I think it is for you gentlemen to consider that this is not a trial of individuals; this is a matter for consideration as to whether the dignity and privileges of the Senate have been assailed,.....

And this attitude of counsel was frequently concurred in both by the Chairman and by the other members of the Honourable Committee.

Under the terms of the Order of Reference of the 11th of February, 1932, it would seem that the only point for this Committee to determine is as to how and to what extent the privileges and rights of the Senate have been affected by the Report of the Committee of the Commons which has been under investigation "insofar as said Report relates to any Honourable Members of the Senate."

Under reserve, therefore, we respectfully submit on behalf of Senator McDougald, the following points for the consideration of this Honourable Committee:—

(1) Under the terms of *The British North America Act* the jurisdiction of the House of Commons is entirely distinct from the jurisdiction of the Senate. It therefore follows that no special committee of the Commons nor the House of Commons itself has, in accordance with constitutional practice, any authority to pass a resolution or adopt a report censuring or reflecting upon the conduct of a member of the Senate. This is a matter exclusively within the jurisdiction of the Senate.

Thus Bourinot *Parliamentary Procedure*, Fourth Edition, at page 40 says:

Each house, however, exercises and vindicates its own privileges independently of the other..... Each house declares for itself what cases are breaches of privilege but the grounds for their action are based upon the same principles and precedents.

And again the same author, at page 69, quoting from *May's Constitutional History*, Ninth Edition, volume 2, pages 26 and 27, says:—

Both Houses of Parliament "must act within the limits of their jurisdiction, and in strict conformity with the laws. An abuse of privilege is even more dangerous than an abuse of prerogative. In the one case the wrong is done by an irresponsible body; in the other, the ministers who advised it are open to censure and punishment. The judgment of offences especially should be guided by the severest principles of law."

The reflections and charges against Senator McDougald as a member of this Honourable House, which are contained in the Report of the Commons Com-

mittee are unfounded in law and unjustified in fact. They are a direct violation of his privileges as established by constitutional practice and the usage existing both in England and in Canada.

(2) It was entirely proper that in the year 1923 Senator—then Doctor—McDougald should have associated himself with Henry in business enterprises and that these should have included the possibilities of power development in the Soulanges-Beauharnois region, also that the expenses of the Engineering examinations should have been borne by Senator McDougald. Mr. Henry was supplying the knowledge and the work and Senator McDougald was financing him to the extent of \$10,000. Such conduct on the part of Senator McDougald is not merely not reprehensible but praiseworthy.

(3) On the 7th of May, 1924, or prior to his appointment to the Senate, Dr. McDougald was appointed as a member of the National Advisory Committee. It is clearly established that during all the time in which he acted on this Committee he evinced little or no interest whatever in the enterprises of Henry.

(4) Subsequent to his appointment as a member of the National Advisory Committee, Dr. McDougald was summoned to the Senate, being sworn as a member in December, 1926. On the 11th of January, 1928, the report of the Joint Board of Engineers was concurred in by the National Advisory Committee. An examination of this report and of the evidence of Mr. Henry and of Senator McDougald himself will show that it favoured a development on the north shore of the St. Lawrence. Senator McDougald has testified that up to this time he had given no consideration to any possible rights of the Sterling Company by reason of its applications, but even had he done so, the fact remains clear and uncontradicted that in concurring in the report of the Engineers adopted by the National Advisory Committee, he was acting adversely to any interests that might have belonged to the Sterling Company. The rights of the latter were limited to the south shore and they were adversely affected by the report in question, as a development of power on the north shore would necessarily have precluded any similar development on the south shore. The charges against Senator McDougald in reference to his conduct and motives as a member of the National Advisory Committee are entirely unjustified and unfounded.

(5) The first Beauharnois Syndicate was dissolved on the 4th April, 1928. Each member in this Syndicate had been given two units for every one held and had then the right to subscribe at par for a similar number of units in the Beauharnois Power Syndicate, which had been formed to replace the original Syndicate. The late Winfield Sifton was the holder of 800 units of the first Syndicate. He thus, by the arrangement mentioned, became the owner of 1,600 units of this Syndicate, with the right to subscribe at par to 1,600 further units in the second, or Beauharnois Power Syndicate. It was only on the 18th of May, 1928, that Senator McDougald acquired Sifton's rights. The manner in which these rights were acquired has been explained by Mr. Moyer, by Mr. Barnard, K.C., by Mr. Banks, and by Senator McDougald himself. Mr. Sifton was not merely repaid the amount of his investment. He was paid this amount, plus his out-of-pocket expenses, amounting to some thousands of dollars, receiving in settlement from Senator McDougald \$46,000 of Victory Bonds, which were then selling at a premium. This was an ordinary business transaction entered into long before the success of the enterprise was in any way assured and cannot call for any adverse comment. All payments made by Senator McDougald subsequent to the acquisition of the Sifton interests were made on exactly the same basis as were the payments by the other members of the second, or Beauharnois Power Syndicate.

(6) Bearing these facts in mind, the statement of Senator McDougald to the Senate on the 19th of April, 1928—prior to his acquisition of the Sifton interests and prior to any agreement between the Sterling Company and the second Syndicate—was literally true and correct.

(7) In like manner, we strongly urge that the statement to the Senate by Senator McDougald on the 20th of May, 1931, was also true and correct. It was, in the first place, intended as a mere re-affirmation of the statement made by him on the 19th of April, 1928. In the second place, it was immaterial whether his interests in the Beauharnois project had been acquired on the 18th of May, 1928, or on the 2nd of October, 1928; there was no possible motive why he should have attempted to deceive the Senate as to these dates; he was speaking of a transaction which had occurred more than three years previously and it is grossly unfair to suggest that he was making any untrue or improper statements, in the speech made by him on the 20th of May, 1931.

(8) The contract covering the sale of the Sterling Company to the Beauharnois Power Syndicate was executed on the 18th of December, 1928. Mr. Henry has stated—and as to this there is no contradiction—that he regarded the 2,000 units, which the Sterling Company received, as having a value of approximately \$50,000, which in fact represented the value of the services rendered by him in this connection up to the date of the sale. (Record of proceedings page 100). The Order-in-Council, P.C. 422, was passed on the 8th of March, 1929. The transaction prior to this time was of a most speculative character. The contract of the 18th of December, 1928, was openly arrived at in a fair and proper manner and we submit cannot justify the slightest criticism of those directly or indirectly concerned with its execution. It was a plain and ordinary business transaction and has ever since so been regarded by all concerned.

(9) Throughout the proceedings before the Commons Committee, as well as throughout the proceedings before this Committee, the Sterling transaction has from time to time been referred to as a sale or transfer by the Sterling Company to the second, or Beauharnois Power Syndicate. As pointed out, however, by Mr. Swezey, (Record of proceedings, page 45), by Mr. Henry, (Record of proceedings, page 100), and by the Right Hon. Mr. Graham, (Record of proceedings, page 184), the transaction was rather in the nature of a merger or an exchange of securities between the Sterling Company and the Syndicate. As this was effected on the 18th of December, 1928, prior to the passing of the Order-in-Council, P.C. 422, on the 8th of March, 1929, prior to the incorporation of The Beauharnois Power Corporation, Limited, on the 17th September, 1929, and at a time when the entire project was in doubt it is, we submit, in no sense a transaction that is open to criticism.

(10) There is no evidence whatever in the record before the Commons Committee or in the record of the proceedings before this Honourable Committee showing that directly or indirectly Senator McDougald exercised any influence of any sort or kind in any of the transactions to which we have referred. He categorically denies this: (Record of proceedings, page 185.)

By Right Hon. Mr. Graham:

Q. Senator McDougald, did you on account of being a Senator or for the reason that you were a Senator, make a dollar that you would not have made if you had not been a Senator?

A. No, sir, not one single dollar. I never used what they call political influence in any way, shape or form, and never advanced anything regarding my position to anybody here at Ottawa or anywhere else.

(11) It also should be remembered that at no time did the promoters of the Beauharnois project ask for or receive any grant from the Dominion of Canada and at no time either directly or indirectly were any public moneys involved. There was not and could not have been a breach by Senator McDougald of The Senate and House of Commons Act. (R.S.C. [1927] Chapter 147, sections 21 and 22.—Evidence of Mr. Geoffrion, K.C. Record of Proceedings, pps. 25-26-27.)

(12) Paragraphs 22 and 23 of the Report of the Commons Committee are incorrect. The statement that "his (Senator McDougald's) actions in respect to the Beauharnois Project cannot be too strongly condemned" is altogether unfair and is unsupported by the evidence or documents of record. On his behalf we deny most emphatically the statements of these paragraphs. At no time directly or indirectly, as Chairman of the Montreal Harbour Board, as a member of the National Advisory Committee on St. Lawrence Waterways, as a Senator of Canada, or as a member of the Special Committee of the Senate did Senator McDougald allow his private interests to interfere with his public duties, nor did he ever, speaking from his place in the Senate or elsewhere knowingly make incorrect or untruthful statements.

And we respectfully request this Committee to so declare.

JOHN W. COOK,
LUCIEN CANNON,
HUGH E. O'DONNELL,

Counsel for Senator McDougald.

Ottawa, April 6, 1932.

APPENDIX

EXTRACT FROM THE SENATE AND HOUSE OF COMMONS ACT
(R.S.C. 1927) CHAPTER 147, SECTIONS 21 AND 22

MEMBERS OF THE SENATE

21. No person, who is a member of the Senate, shall directly or indirectly, knowingly and wilfully be a party to or be concerned in any contract under which the public money of Canada is to be paid.

2. If any person, who is a member of the Senate, knowingly and wilfully becomes a party to or concerned in any such contract, he shall forfeit the sum of two hundred dollars for each and every day during which he continues to be such party or so concerned.

3. Such sum may be recovered from him by any person who sues for the same, in any court of competent jurisdiction in Canada.

4. This section shall not render any senator liable for such penalties, by reason of his being a shareholder in any incorporated company, having a contract or agreement with the Government of Canada, except any company which undertakes a contract for the building of any public work. R.S., c. 10, s. 20.

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

22. No member of the Senate or of the House of Commons shall receive or agree to receive any compensation, directly or indirectly, for services rendered, or to be rendered, to any person, either by himself or another, in relation to any bill, proceeding, contract, claim, controversy, charge, accusation, arrest or other matter before the Senate or the House of Commons, or before a committee of either House, or in order to influence or to attempt to influence any member of either House.

2. Every member of the Senate offending against this section shall be liable to a fine of not less than one thousand dollars and not more than four thousand dollars; and every member of the House of Commons offending against this section shall be liable to a fine of not less than five hundred dollars and not more than two thousand dollars, and shall for five years after conviction of such offence, be disqualified from being a member of the House of Commons, and from holding any office in the public service of Canada.

3. Any person who gives, offers, or promises to any such member any compensation for such services as aforesaid, rendered or to be rendered, shall be guilty of an indictable offence, and liable to one year's imprisonment and to a fine of not less than five hundred dollars and not more than two thousand dollars. R.S., c. 10, s. 21.

MEMORANDUM OF ARGUMENT ON BEHALF OF THE HON.
ANDREW HAYDON

1. The Order of Appointment is "for the purpose of taking into consideration the Report of a Special Committee of the House of Commons in so far as the said Report relates to any Honourable Members of the Senate." Reference is, therefore, to be had only to the Report itself and to the matters therein contained relating to any Honourable Members of the Senate. This is the scope of the Inquiry.

2. So far as the Hon. Andrew Haydon is concerned, particular reference to him is found in Division 14 of the Report of the House of Commons Committee, and he is there criticized in respect of two matters:—

- (1) The receipt from Mr. Sweezey of money for campaign purposes.
- (2) The acceptance by his firm of a retainer said to be contingent upon the passing of Order in Council Number 422.

3. *Campaign purposes.*—Upon the broad general question as to the propriety of accepting large contributions to political campaign funds, Counsel cannot well assist the Committee by any argument that would deal adequately with the whole question. Members of the Committee, as public men, are familiar with the whole subject and with its many aspects. The practice has been general and has not been confined to any one party. There has been no attempt on either side to adduce evidence to support any particular view of the subject. It would be idle for any person connected with, or intelligently interested in, any great political party in Canada, or in Great Britain, to pretend that he did not know of the existence of the practice and that political campaigns are financed to a great extent in this way, and if the practice is essentially wrong then many are particeps criminis.

So far as the Hon. Andrew Haydon was personally connected with the contributions in question, his position does not differ from that of most active members of any of the great political parties, except in this that the money was actually paid into his hands. There is no evidence whatever that in receiving the money he became party to any bargain or promise or arrangement of any kind with Mr. Sweezey or anyone represented by him. The money was not paid at a time when Mr. Sweezey or his Company were seeking any favour or advantage of any kind from the Government. The occasion of the payment was an impending general election for the legitimate purposes of which Senator Haydon's party was in need of funds. Hon. Andrew Haydon is no more the proper object of criticism for having received the money than is another gentleman who solicited, but did not actually obtain, a large contribution for the funds of the Conservative Party. Neither of these men is really any more open to criticism than is every public man who receives assistance directly or indirectly from the funds collected in a similar manner at every election. Counsel is not arguing either for or against the practice. His purpose is merely to point out that when there are so many to be condemned, if the practice is wrong, it would be a travesty to select for condemnation the man whose proven honesty has made him an unwilling trustee of the funds.

4. *Retainer.*—It is important to see exactly what it is that is criticized under this head. It is not the amount of the retainer. Neither this Committee nor the Commons Committee has been constituted a taxing officer to decide how much a lawyer's bill of costs should be—and that is plainly not what is meant by the Commons' Report.

Neither is it the alleged acceptance of a contingent retainer that is criticized as such. Whether lawyers should ever accept contingent retainers, or under what circumstances they are proper is a matter for the Law Society or the Bar Association, who deal with matters of professional ethics. This much may be said that every lawyer knows that the amount of his fee and at times the question whether he actually will be able to collect a fee at all not uncommonly depends on how the business in hand results.

But the point of the criticism here is not these things, but it is the nature of the alleged contingency. The complaint is that the retainer in substance involved Senator Haydon in using his position and influence to obtain the passing of Order-in-Council P.C. 422, and that he was to be paid for this.

It has not been suggested and can not be maintained that a member of the Senate is to be condemned for accepting a retainer from a client to render services

not connected with the Government merely because his client happened to have some other business with the Government—especially when none of it is business that comes before the Senate. A Senator or Member of Parliament with any considerable connection would lead a most precarious life if that sort of rule were laid down.

Now it is as plain as anything well can be that on the evidence here neither Senator Haydon nor his firm had any connection whatever, professional or otherwise, with the passing of Order-in-Council P.C. 422. There is the evidence of both Senator Haydon (p. 189) and of his partner Mr. Ebbs (p. 71 foot). But more convincing still is the evidence of the very persons who were active in obtaining this Order-in-Council. There are Frank P. Jones (pp. 388-389 Coms. Com.); Mr. Geoffrion who appeared the day the Order was passed, (p. 677 Coms. Com., and see his evidence p. 26 of this Coms.); Andrew T. Thompson (p. 341 and 350 Coms. Com. and p. 107 et seq.; this Com.) Ainslie W. Greene (p. 750-732 Coms Com.) Then there were Mr. Sweezey and Senator McDougald who were both examined at great length as to what persons they had seen as well as a number of Departmental officers. No witness whomsoever throughout the whole long story, either before this Committee or before the Commons Committee ever named Senator Haydon or his firm in connection with this Order-in-Council.

Further it now appears clearly that there was no conditional retainer. In his evidence before the Commons Committee Mr. Sweezey through his imperfect memory of events was led into a statement regarding his arrangements with Mr. McGiverin that he now admits, and which the documents demonstrate was incorrect. He had said that his first arrangements with Mr. McGiverin were for a \$50,000 fee conditional on the passing of the Order-in-Council, and a fee of \$15,000 a year for three years (p. 728 Coms. Com.). He now admits he was wrong (p. 56 Senate Com.). The records show that the retainer was only \$7,500, and was paid at once, on October 4, 1928 (see copy of Ledger filed). The \$50,000 fee and the three year retainer were later arrangements (p. 56 this Committee). The three year retainer only began October 1, 1929, and the first payment on account was made June 12, 1930, (ex. 86). The \$50,000 fee was paid on October 17, 1929 (Ex. 85).

It is to be noted that both the \$7,500 paid October 4, 1928, and the \$50,000 are the cheques of the Marquette Investment Corporation and not of the Beauharnois Power Company Limited. This was money of the Syndicate. Counsel for the Committee have at times during the enquiry spoken of the money of the Syndicate as if it were public money or money got from the public by the sale of securities of the Beauharnois Power Company Limited. There is no warrant for this. It was the Syndicate's money in every sense and no one else's. It came out of the funds the Syndicate had provided for its expenses.

This unfounded story of a contingent retainer is a sample of the distorted and unjust statements that result from the methods employed in the examination of witnesses before the Commons Committee. Statements are extracted from witnesses that are palpably in conflict with the very documents then in hand by which the business was carried out.

It is further to be borne in mind that it was Mr. McGiverin with whom Mr. Sweezey made his arrangements—not Senator Haydon. Mr. McGiverin was a man of standing and his services were desired and he was free to give them. It was he who set the fees that were paid and the persons who paid them have not complained.

It is submitted that there is no evidence whatever before this Committee to support any criticism of the conduct of Senator Haydon.

Dated this 8th day of April, 1932.

R. S. ROBERTSON.

BRIEF SUBMITTED ON BEHALF OF HONOURABLE SENATOR
DONAT RAYMOND

MR. CHAIRMAN AND GENTLEMEN:

I

The report made during the Session of 1931 by the Special Committee of the House of Commons on the Beauharnois Power Project, which your Committee is instructed to consider and to report on does not, in its conclusions, contain any charge or censure against The Honourable Senator Donat Raymond.

Section 15 of said report contains, however, certain reflections or insinuations which are unjustified. I submit, with due deference, that nothing in the evidence adduced before the said Committee warranted these insinuations and that the additional information now in the possession of your Honourable Committee makes it abundantly clear that they were erroneous and unfounded in fact.

II

THE FACTS

Senator Raymond was invited by Mr. Jones and the Honourable Mr. Mitchell to join them in the Beauharnois Power Project early in the year 1927. After consideration, having confidence in Mr. Jones as a business man, he accepted and, on the 1st April 1927, subscribed for 800 part-interests or units in the first Syndicate, for which he paid \$30,000 of his own money (Blue Book pp. 787 and 788.) He did not know then who were interested in the Syndicate other than Jones and Mitchell. He did not know Sweezey and had no knowledge of his connection with the Syndicate.

These 800 units were placed in the name of "Le Crédit Général du Canada". The Senator had for some time adopted the policy of never allowing his name to be published in connection with any new venture. He was quite willing to gamble with his money, but did not want his friends to gamble on the strength of his name and, for that reason, always subscribed through a trust company or a broker. As a further instance of this well-established policy, the Senator referred to similar investments made previously, in which his shares were placed and are still held in his broker's name. (Blue Book pp. 788 and 789). This statement by the Senator is corroborated by Mr. Sweezey. (Ibid. pp. 644 and 645).

In the opinion of the Senator and of Messrs. Jones and Mitchell, this project was exclusively a matter within provincial jurisdiction. The hydro-electric power developed from the harnessing of the waters of the St. Lawrence River belonged to the Province and was among its natural resources.

Mr. Jones stated that the only question to be submitted to the Federal Government, in his opinion, was whether this project would interfere with navigation. If it did, leave to carry it out could not be granted. If it did not, leave could not be refused without interfering with Provincial rights (Blue Book p. 389).

Before the Committee of the House of Commons Senator Raymond said:

I did not feel that it (Ottawa) had anything to do with it, because it was in Quebec and not in Ottawa. (Blue Book page 789.)

and before your Honourable Committee:

I want to say that, as far as the Beauharnois is concerned, right from the beginning, I did not think that Ottawa had anything to do with it, and I was led to believe by our Counsel, Mr. Geoffrion, that, as far as Ottawa was concerned, they had to say 'yes' to grant it, if it did not interfere with navigation; and if it did interfere with navigation, they had

no alternative, they had to say 'no'. So, I never thought that Ottawa had anything to do with the developments of any power in the Province of Quebec (Proceedings of the Special Committee of the Senate, page 135).

It is with this assumption, later confirmed by the Judgment of the Supreme Court, that the Senator took an interest in the Project.

The necessary authority from the Province of Quebec was obtained on the 23rd of June, 1928, when an emphyteutic lease was granted by the Lieutenant-Governor-in-Council, under the provisions of 18 George V (P.Q.) chapter 113.

Senator Raymond stated categorically, without being contradicted, that at no time did he attempt to exert his personal influence on behalf of this Project; that he never went to Quebec for that purpose; that the only help given by him was by investing his own money in the Syndicate. (Blue Book pp. 789 and 794.)

On the 4th April 1928, a second Syndicate, called the Beauharnois Power Syndicate, acquired the assets of the first, the consideration being two units of the new Syndicate for each one unit of the old Syndicate, with the right to unit-holders to subscribe for as many units in the new Syndicate as each already held therein at \$100 per unit, being the par value thereof.

The 800 units held by the Senator became, therefore, sixteen hundred units and in May 1928, the Senator exercised his right and subscribed for sixteen hundred further units, which, under his direction, were placed in the name of Mr. J. R. Lefebvre, his secretary and nominee. These units cost the Senator \$160,000 and his total investment became \$190,000 for the 3,200 units which he held. (Blue Book page 790.)

Shortly after, in July, 1928, the Senator sold to Mr. Simard, of Montreal, 2,000 units at \$100 each, i.e. \$200,000. From that amount the Senator was fully repaid of his investment, plus a profit of \$10,000 and he still retained 1,200 units, fully paid up, in the Syndicate. (Blue Book, page 791. Proceedings of the Special Committee of the Senate, page 132.)

Mr. Geoffrion's activities began at Ottawa only after that. These activities were purely legal and required no political influence whatever, as stated by Mr. Geoffrion himself before your Honourable Committee:—

We now come to the Dominion only for approval or disapproval under the *Navigable Waters Protection Act*. If we were right on that question, all the Dominion Government had to do was to get its engineers to report on the subject. If the engineers reported favourably, namely, that this was not an interference with navigation, they were bound to give us their approval. The decision is a judicial one. If they thought it was an interference they were bound to say no. That was a matter for the engineers almost entirely. I did not need to consult Mr. Raymond, because as an engineer I do not think he is of any use.....All my activities were activities of a class that did not require any influence whatever. (Proceedings of the Special Committee of the Senate, pp. 26 and 27).

And the Senator said that he never went to Quebec or Ottawa for the purpose of helping this project, nor did he do anything whatsoever to "push the deal" (Blue Book, pp. 789 and 790.) (Proceedings of the Special Committee of the Senate, pp. 136 and 137). These statements are absolutely uncontroverted.

Later, a divergence of opinion arose between Jones and Swezey as regards the best method of financing this enterprise, and, on the 26th July, 1929, Senator Raymond, who shared Mr. Jones' opinion, gave an option to Mr. Swezey, through Mr. Jones, to buy the 1,200 units which he still held in the Beauharnois Power Syndicate and the option was taken up by Mr. Swezey who paid \$550 per share.

Mr. Jones had a proxy for about 6,900 shares including the Senator's 1,200. There were 351 shares left over. The Senator thought he would like to be con-

nected, for sentiment's sake, with the Beauharnois development. Beauharnois is his native place, his father's place of abode, his brother's constituency. In his opinion, this development was in the interest of the people, of Beauharnois and of the Province of Quebec. He therefore purchased these 351 shares left over at \$550 each, i.e. \$193,050. (Blue Book, pp. 791 and 792.)

When the Beauharnois Power Syndicate was acquired by the Beauharnois Power Corporation Limited, on the 17th of December, 1929, as all the other members of the Syndicate, the Senator received, for each of these 351 shares costing him \$550, a cash payment of \$150 and 40 shares Class A, of the Capital Stock of the new Corporation (Blue Book, p. 793.)

As a net result of all these operations, the Senator has realized a profit of \$529,600, but this profit came out of the personal resources of Mr. Simard in 1928, and of Mr. Sweezey in July, 1929, much prior to the investment of any money by the public.

III

THE REPORT

For the purpose of this brief, I propose to deal with the paragraphs of the said report relating to Honourable Senator Raymond in the order in which they appear at pages XXVI and XXVII of the Blue Book filed herein.

A

Section 15 (1) of the Report, reads as follows:

(1) Senator Raymond was appointed to the Senate on the 20th December, 1926. He, voluntarily, after the permission of the Senate had been granted, appeared before the Committee on the afternoon of the 16th July, 1931, and stated that he had subscribed on the 1st April, 1927, at the suggestion of Honourable Mr. Mitchell and Mr. Frank P. Jones, for 800 units of the Beauharnois Syndicate at a price of \$30,000 which he paid. These became 1,600 units in the second Syndicate and, as was his right, he subscribed for 1,600 further units in the name of J. R. Lefebvre; and made his holdings 3,200 units. On the whole transaction he realized, as of the 17th December, 1929, \$529,600 profit and 14,040 shares of Class A Stock of the Beauharnois Power Corporation Limited. Senator Raymond sold all his originally acquired units at the same time that Mr. Frank P. Jones sold his at \$550 per unit, and later Senator Raymond bought from W. G. Mitchell 350 units and from R. T. Fuller one unit in the Beauharnois Power Syndicate and he held these at the dissolution of the Syndicate on the 17th December, 1929. His total profit was as above mentioned. He states that neither at Quebec nor at Ottawa did he exert or attempt any political influence on behalf of the Beauharnois applications. His evidence is that he "did nothing to push the deal." On page 794 of the evidence, Senator Raymond was asked:

Q. Then are we to understand you to say, that having this interest in this project and knowing that there was a very strong opposition and a big fight being put up, you never turned a hand to help it at all?—A. I do not know if there was anything in my power to do towards helping it.

Q. Well, you could help?—A. I thought the only help that I could give was to put my money in.

Q. I may take it then, from what you say, that we have your unequivocal statement that at no time did you attempt to exert your personal influence on behalf of this project?—A. At no time.

I have only one comment to offer with respect to this paragraph.

The statement that Senator Raymond has sold all his originally acquired units at \$550 per unit, is inaccurate, and the further statement that he has realized, as of the 17th December, 1929, \$529,600 profit, and 14,040 shares of Class A Stock, is somewhat misleading if it is to be construed as meaning that such profit was realized in December, 1929.

When he appeared before the Committee, on the 16th July, 1931, Senator Raymond very clearly and openly stated that in July, 1928, he had sold to Mr. Simard, of Montreal, 2,000 units at \$100 each, i.e. \$200,000 (Blue Book p. 791.) As of July, 1928, he had therefore been repaid of his \$190,000 investment, plus a profit of \$10,000 retaining, at the same time, 1,200 fully paid up units in the Syndicate, which did no longer cost him anything. (Ibid.) It would therefore be inaccurate to state that his profit was \$529,600 as of the 17th December, 1929.

In July, 1928, the Beauharnois Power Corporation Limited was not yet incorporated and not a cent of the money of the public was invested as yet in the project.

The same is true of the sale of the balance of the Senator's original holdings made through Mr. Jones, to Mr. Sweezey, pursuant to the option given to the latter on the 26th July, 1929. (Blue Book pp. 483 and 790.)

The Beauharnois Power Corporation Limited was organized later, and took over the assets and interests of the Beauharnois Power Syndicate only on the 17th December 1929. (Blue Book page XV (22).)

B

Section 15 (2) reads as follows:—

(2) At the conclusion of his evidence one of the members of the Committee expressed the view that he ought to be commended for his frankness in giving his evidence. It was, however, later disclosed in evidence that, according to the bill of Messrs. Geoffrion and Prud'homme, Counsel for the Beauharnois Syndicate (Exhibit No. 114) from September 10, 1927, to May 23, 1928, there appear some sixteen entries charging for interviews with and telephones to and from Senator Raymond. An interview appears to have taken place on one occasion with Honourable Mr. Mitchell and on another occasion in Ottawa with Senator McDougald.

This paragraph imputes no blame to Senator Raymond but contains an innuendo which is entirely unwarranted.

Messrs. Geoffrion and Prud'homme's bill was filed, as Exhibit 114, only on the 21st July, 1931, i.e., five days after the examination of the Senator, and the day before the last of the sittings of the Committee. It was filed without any comment and it was not printed. Senator Raymond was not examined with respect to his relations with Mr. Geoffrion, who was the legal adviser of the Syndicate. Consequently, the Senator, being heard as a witness, could not, without being irrelevant, make any reference thereto, if such reference was at all necessary.

Senator Raymond had already stated that he did not go to Quebec or Ottawa with respect to the Beauharnois project, that he had not gone to Quebec during the sessions of 1927 and 1928 and that, at no time, did he do anything to push the deal. (Blue Book pages 789-790.)

Both Senator Raymond and Mr. Geoffrion stated before your Honourable Committee that their interviews were exclusively as between solicitor and client and of a legal character. Mr. Geoffrion never needed nor requested the

influence of Senator Raymond. His purely legal activities did not require any influence whatever. (Proceedings of the Special Committee of the Senate, Senator Raymond, p. 34; Mr. Geoffrion, pp. 26 and 27).

With reference to his bill Exhibit 114 covering the period from September 10th 1927, to May 23, 1928, Mr. Geoffrion says:—

. . . It has been suggested that those consultations with Senator Raymond at that time indicated that he was using influence. He was not using influence at all. (Proceedings of the Special Committee of the Senate p. 26),

and again:—

. . . My work down to August 1928, was entirely devoted to the Quebec end of this thing. I do not suppose that you are concerned with that part of it. If you are not concerned with that part of it, as I will assume, then I will take that part of my bill for what I may call my activities in Ottawa. That begins in August 1928. I was called in to take a hand in the Ottawa end of the affair only in August 1928 That bill (Exhibit 114) is exclusively occupied with services rendered in Quebec. (Proceedings of the Special Committee of the Senate, pages 24 and 25),

and with reference to his activities at Ottawa:—

. . . Mr. Raymond could not be of any help to me, I did not need any influence. It was purely a question of law, negotiations and terms. I think there are eight interviews altogether that I find during the seven months, with Mr. Raymond. They are all of the same character. Apparently, I wanted information from him or he wanted an interview with me; but I never had any need of his influence, because the field in which I worked anyway—I am not speaking of the field in which others work—had nothing to do with influence. It was all connected with legislation, or discussing the terms of the contract.

And Mr. Geoffrion summarized his evidence by stating: "*All my activities were activities of a class that did not require any influence whatever*". (Proceedings of the Special Committee of the Senate pp. 26 and 27).

It would therefore appear that paragraph (2) of section 15 of the Report is an irrelevant and unnecessary digression and the innuendo therein contained is totally unjustified.

C

Section 15 (3) of the Report reads as follows:—

(3) On page 391, Mr. Frank P. Jones states:—I certainly asked Senator Raymond over and over again if he could not do something to get some action.

Why is this reference inserted in the Report? No comment is made in connection therewith.

And why is not the whole statement of Mr. Jones quoted *in extenso*? It is as follows:—

Q. Is it fair to say, Mr. Jones, that while you had had talks with Senator McDougald and Senator Raymond and others—and I am not suggesting there was anything improper about interviews you had with any of these gentlemen—is it fair to say that it was wholly by reason of your own persuasion that the passing of P.C. 422—that is the Order in Council—was procured?—A. No, Sir; I think it was wholly due to the fact that the feeling was—and I think correctly, sir—they could not

refuse it without interfering with provincial rights. I did not care who came here—F. P. Jones or who it was, or what the company was—the right belongs to the Province of Quebec, I believe. If it interfered with navigation, it could not be granted; if it did not interfere with navigation it could not be refused. (Blue Book p. 389).

Q. In your work, when you were pressing for the granting of the application, what do you say as to whether or not you were assisted by any Senators?—A. I repeatedly appealed to some, perhaps as I do to anybody else, to do what they could to hurry it up, because it seemed to me it was being dragged out. . . .

Q. What would you say as to whether you were assisted?—A. What do you mean by the word “assisted”?

Q. It is a common English word.—A. Well my answer is that anybody who took an interest in it and who listened and got his views as to who owned the water, gave us their opinion by way of assistance, otherwise direct assistance, nobody that I know of.

Q. I see.—A. I certainly asked Senator Raymond over and over again if he could not do something to get some action. Now, I think perhaps I should mention I thought perhaps the Premier was waiting for this assistance of the reference case to the Supreme Court. (Blue Book, page 391.)

This gives a totally different complexion to Mr. Jones' statement.

If it was the Committee's intention to insinuate that the Senator's political influence was improperly sought and obtained, a mere quotation of Mr. Jones' complete statement would have absolutely dispelled it. The very fact that Mr. Jones had to ask Senator Raymond over and over again if he could not do something, clearly shows that the Senator had not taken any action. This is made abundantly clear by the Senator's own statement in this regard:

Q. Then, are we to understand you to say that having this interest in this project and knowing that there was a very strong opposition and a big fight being put up, you never turned a hand to help it at all?—A. I do not know if there was anything in my power to do towards helping it.

Q. Well, could you help?—A. I thought the only help that I could give was to put my money in. (Blue Book, p. 794).

Q. Mr. Jones says, in his evidence, at page 391, given before this Select Committee. . . .

* * * *

I certainly asked Senator Raymond over and over again if he could not do something to get some action.

Q. Is that true?—A. No doubt it is true.

Q. In spite of his asking you, you did nothing?—A. I did nothing.

I do not think I could do anything. (Blue Book, p. 789).

And before your Honourable Committee the Senator said:—

Jones asked me, but the fact that he said “over and over again” means that I had not done very much in the matter of helping him He asked if I could do something, and I told him “No.”—I presume so.

Q. Then, he asked you again if you could do something and you told him “no”?—A. I told him “no.”

Q. He was very persistent apparently?—A. Yes, and I was the same, persistent in saying I could not do anything. (Proceedings of the Special Committee of the Senate, pp. 132 and 133).

In all the evidence adduced before the Committee of the House of Commons and before your Honourable Committee there is nothing to substantiate the

insinuation that the Senator's political influence was ever used to help this project either at Quebec or at Ottawa. The Senator's very clear and conclusive evidence, on this point, is corroborated by Mr. Jones and by Mr. Geoffrion, as above set out.

If, therefore, any insinuation is to be found in section 15 (3) of the Report, such insinuation is utterly unfair and completely refuted by an impartial reading of the evidence.

D

Section 15 (4) of the Report reads as follows:—

It transpired when Mr. Sweezey *returned* to give further evidence that Senator Raymond had received from Mr. Sweezey some \$200,000 of campaign funds for the Liberal party. The commendable frankness would seem to require that Senator Raymond should have disclosed this to the Committee if he wished the Committee to understand that he was stating fairly his connection between the Government and the Beauharnois promoters.

Your Committee will please note that, in his first examination, Mr. Sweezey had not touched the question of electoral campaign funds. Mr. Sweezey was recalled on the 17th July, 1931, namely one day after the Senator had given his own evidence. (Blue Book, pages 819 etc.).

On the 16th July, 1931, no reference to campaign funds had been made as yet, and the Senator was not questioned at all on this point. The Senator, as a witness, was bound to limit his answers to the questions as put and, on one occasion at least (Blue Book, p. 795) he was reminded so to do.

Had he been examined on the question of contributions to campaign funds, he would have stated, as he did before your Honourable Committee, that, during the electoral campaign of 1930, acting as trustee for the funds of the Liberal party, and in that capacity only, without any solicitation, he had been offered by and had received from Mr. Sweezey the sum which this gentleman mentioned in his later statement to the Committee. In due course, all this money was turned over to the Treasurer of the party. (Proceedings of the Special Committee of the Senate, pp. 34 and 147).

At the conclusion of the Senator's evidence before the Special Committee of the House of Commons, the Chairman said:—

Are there any further questions? Well, Senator, we thank you for attending here at the inquiry and giving your evidence. There are no further questions the members of the Committee or Counsel care to ask you, unless you have some questions, Mr. Hellmuth. . . . (Blue book, p. 799).

No further question was asked and Mr. Lennox, a member of the Committee, added:—"I think the Senator should be commended for his frankness." (Ibid.)

Later, the Senator received a telegram from the Committee summoning him to Ottawa. Upon his arrival, he saw a member of the Committee, the Honourable Ian Mackenzie, who said he thought the Senator would not be needed on that day. In the afternoon, the Senator received word that he was not wanted on that day. Notwithstanding that, he stayed over until the evening, when he was informed personally by Mr. Mackenzie that the Chairman, Mr. Gordon, had instructed him (Mr. Mackenzie) to tell the Senator that he did not think he would be wanted any more.

Thereupon, the Senator requested Mr. Mackenzie to inform the Chairman that he would be available at any time, on three hours' notice.

Before leaving Ottawa, the Senator renewed to Mr. Mackenzie his assurance that he would answer their call at any time on three hours' notice.

The Senator received no further request to appear. (Proceedings of the Special Committee of the Senate, pp. 34 and 35).

It is therefore difficult to understand the suggestion made in section 15 (4) of the Report that the Senator should have disclosed the contributions to the campaign funds of the Liberal party which, as a trustee, he had received from Mr. Sweezey's personal resources.

At the time of his examination as a witness, the Committee had not yet decided whether or not they would take up this question of campaign funds. This question was determined only on the 17th July, 1931. (Blue Book, p. 820).

Had the Senator attempted to refer to this matter, he would have been told as he had been on a previous occasion:—"We do not need to go into that." (Blue Book, page 795).

Even the Senator's usual commendable frankness, therefore, did not require him to disclose these contributions received, as trustee, without any solicitation on his part. These contributions were not yet the subject of the Committee's inquiry.

E

Section 15 (5) of the Report reads as follows:—

(5) In view of Mr. Sweezey's attitude throughout and his views as to the necessity for political influence, it is hardly conceivable that Mr. Sweezey would pay this large sum of money over to Senator Raymond unless he at least was satisfied that the Senator's influence had been or would be worth the money and it is remarkable that Senator Raymond did not insist on making some explanation of his position in this regard, in view of his evidence.

In all the evidence received before the Special Committee of the House of Commons, or before your Special Committee, there is not an iota to justify such an inference. On the contrary, most positive, unequivocal and uncontroverted evidence clearly shows that the Senator's influence was never sought nor obtained on behalf of the Beauharnois Power project.

The Senator stated, before the Committee of the House of Commons that, in 1927, 1928 and 1929, he was away in Florida most of the time when steps were being taken at Quebec and Ottawa in connection with this project; (Blue Book, pp. 788 and 794) that he knew very little about it, being at no time a manager in the Syndicates or a director in the Company, (Ibid. p. 789); that all he had to do was to subscribe and pay for his shares and nothing else, (Ibid. p. 790); that he never turned a hand to help and never knew there was anything in his power towards helping; that he never gave a hand at all in any shape or form; that he never went to Quebec and came to Ottawa only for the opening of the Session, returning to Palm Beach immediately; that he never exerted his personal influence in favour of the project. (Ibid. p. 794).

Mr. Jones stated that he had asked Senator Raymond and others over and over again if they could not do something to get some action; that anybody who took an interest in the project gave him the benefit of their opinion by way of assistance, but that otherwise no direct assistance was received; that, in his opinion, the project was delayed because the Prime Minister was awaiting the decision of the Supreme Court in the Reference Case (Ibid. pp. 391 and 392).

This evidence is the only one adduced, on this point, before the Committee of the House of Commons; it is absolutely uncontroverted, and, I submit,

conclusive; but if it were deemed insufficient, the evidence given since before your Honourable Committee makes it abundantly clear that the Senator never exerted his influence in favour of the Beauharnois project.

Mr. Sweezey first saw Senator Haydon, in May or June, 1930, who told him that an election was coming on and that he (Mr. Sweezey) and his associates were regarded as probable good subscribers. Mr. Sweezey was advised by Senator Haydon that he and Senator Raymond were trustees for the Liberal party and that contributions for the Province of Quebec could be made directly to the latter. (Proceedings of the Special Committee of the Senate, pp. 49 &s.)

None of the moneys received by Senators Haydon and Raymond came out of the Company's funds. They were paid out of Mr. Sweezey's own personal resources. (Blue Book p. 823) and (Proceedings of the Senate pp. 59 and 81).

Mr. Geoffrion, as hereinabove referred to, corroborates to the full Senator Raymond's evidence that his influence was never used. (Proceedings of the Special Committee of the Senate, pp. 26 and 27.)

Contributions received by Senator Raymond were unsolicited by him; they were offered by Mr. Sweezey. The Senator did not profit thereby; the whole amount received was turned over to the Treasurer of the party. (Proceedings of the Committee of the Senate, pp. 34 and 147.)

The inference contained in section 15 (5) of the Report is unfounded in fact, and categorically refuted by the uncontroverted evidence adduced before the Committee of the House of Commons and before your Honourable Committee. This inference is therefore unwarranted and irrelevant.

IV

CONCLUSION

Your Committee is appointed for the purpose of taking into consideration the Report of the Special Committee of the House of Commons on the Beauharnois Power project in so far as the said Report relates to any of the Honourable Members of the Senate.

I submit, with respect and confidence, that nowhere in the Blue Book filed herein as exhibit, or in the evidence given before your Honourable Committee, can you find that any action or act was directly or indirectly, knowingly or wilfully taken or done by the Honourable Senator Donat Raymond which is not in keeping with the honour and integrity of an Honourable Member of the Senate, or which in any way offends against the Statute providing for the independence of Parliament.

And yet we find in the Report of the Committee of the House of Commons and in the wide-spread newspaper publicity given thereto, insinuations, innuendos and inferences for which I submit, with due deference, there is no foundation in the evidence above referred to.

It is unnecessary to stress before this Committee the injurious effect which such insinuations have inevitably had in the public opinion.

I respectfully urge that, in view of the foregoing conclusions, it is the duty of your Honourable Committee to declare that no action taken or act done by the Honourable Senator Donat Raymond offends against the independence of Parliament or the honour and integrity of an Honourable Member of the Senate of Canada.

OTTAWA, March 29, 1932.

THOMAS VIEN,

Of Counsel for the Honourable Senator Donat Raymond.

EXHIBITS

Exhibits 1 to 129, inclusive, were filed in evidence before the House of Commons Committee in 1931 and form part of this record.

Exhibit
No.

1. Order in Council, P.C. 422, 8th March, 1929, *re* Beauharnois Light, Heat and Power Company.
- 1a. Votes and Proceedings, House of Commons, 8th March, 1929, containing Order in Council, P.C. 422.
2. 12 Plans, No. 1165, file 804-1, Department of Public Works, *re* Order in Council, P.C. 422.
- 2a. Plans and Maps (same as Exhibit No. 2).
3. Order in Council, P.C. 1081, 22nd June, 1929, approval form of agreement for construction.
4. Order in Council, P.C. 1122, 27th June, 1929, Beauharnois Light, Heat and Power development works.
5. Order in Council, P.C. 1244, 19th July, 1929, approval of agreement between Dominion Government and Government of Province of Quebec.
6. 3 plans, No. 1202, *re* Order in Council, P.C. 1244.
7. Orders in Council, P.C. 1758, 9th August, 1900; P.C., 1150, 24th September, 1901; P.C. 2145, 23rd October, 1929; P.C. 2201, 6th November, 1929, *re* leases of Montreal Cotton Company development works.
- 7a. Copy File 5171, Department of Railways and Canals, consent to sub-lease between Montreal Cotton Co., B.L.H. & P. Co. and H.M. the King.
8. Orders in Council, P.C. 3763, 28th December, 1895; P.C. 1566, 8th July, 1915; P.C. 2202, 6th November, 1929, *re* leases Montreal Cotton Company, renewal lease, and sub-lease of Beauharnois Light, Heat and Power Company.
- 8a. Copy File 5171, Department of Railways and Canals, consent to sub-lease Montreal Cotton Co., B.L.H. & P. Co., and H.M. the King.
9. Orders in Council, P.C. 1710, 24th July, 1900; P.C. 496, 9th March, 1923; P.C. 2203, 6th November, 1929; *re* lease Beaubien Milling Company, renewal lease of Montreal Cotton Company, and sub-lease to Beauharnois Light, Heat and Power Company.
- 9a. Copy File 5171, Department of Railways and Canals, consent to sub-lease between Montreal Cotton Co., B.L.H. & P. Co. and H.M. the King.
10. Order in Council, P.C. 2386, December 24, 1906. Lease between Dominion Government and McIntyre & Robert.
11. Order in Council, P.C. 2009, October 14, 1907, amending P.C. 2386.
12. Order in Council, P.C. 2168, December 9, 1909. Lease to B. Robert.
13. Order in Council, P.C. 3136, December 18, 1920, amending lease in P.C. 2168.
14. Order in Council, P.C. 1198, July 30, 1926, permitting Canadian Light and Power Company to reconstruct certain works referred to in lease of December 10, 1907, P.C. 2168.
15. Order in Council, P.C. 1465, July 23, 1927, permitting Canadian Light and Power Company to remove swing bridge over lock 13.
16. Order in Council, P.C. 2239, December 22, 1928, renewal lease to Canadian Light and Power Company.
17. Department of Public Works File 804, respecting application of Beauharnois Light, Heat and Power Company.
18. Copy of letter, H. B. Griffith, Secretary, Beauharnois Light, Heat and Power Company to Mr. J. B. Hunter, Deputy Minister of Public Works, also detailed plans of Beauharnois Light, Heat and Power Company, August 20, 1930. (Original of letter is on page 34 of Exhibit No. 17.)
19. Letter, dated July 29, 1929, from Beauharnois Light, Heat and Power Company to Minister of Public Works, also detailed plans, May 9, 1929.
- 19a. B.L.H. & P. Co. Plans of Lands affected, May 9, 1929.
- 19b. B.L.H. & P. Co. Plan of specification for proposed diversion of St. Louis River and of St. Louis Irrigation Ditch.
- 19c. B.L.H. & P. Co. Plans and descriptions of lands.
20. An Act of the Province of Quebec to incorporate the Beauharnois Light, Heat and Power Company. (2 Ed. VII, 1902, Chap. 72), with amendments.
21. Sessional Paper of the House of Commons, No. 122, March, 1930.
22. Sessional Paper of the House of Commons, No. 136a, March, 1929.

Exhibit
No.

23. Sessional Paper of the House of Commons, No. 295, May, 1928.
24. Mr. Gardiner's speech on Beauharnois Power Project, as contained in Official Report of Debates of House of Commons, May 19, 1931.
25. Statement in lieu of prospectus filed with Secretary of State by the Beauharnois Power Corporation.
26. Province of Quebec Legislature Private Bill No. 141 of 1928, An Act to amend the Charter of the Beauharnois Light, Heat and Power Company.
27. Letter, dated 22nd February, 1928, from Mr. Gerard Lacroix to Mr. Cantin.
28. Account rendered by Gerard Lacroix to Transportation Power Company, 5th March, 1928.
29. Memorandum prepared by Mr. R. C. Alexander, Engineer, Department of Railways and Canals, Ottawa, Ont., respecting Beauharnois.
30. Certified copy of application for incorporation of Beauharnois Power Corporation, Limited, 17th December, 1929.
31. Plan for diversion of 40,000 c.f.s., as submitted by the Beauharnois Light, Heat and Power Company.
32. Memorandum respecting Navigation Losses from adding water surface to the St. Lawrence River between Brockville and Lake St. Peter.
33. Copy of letter, dated November 30, 1929, from Mr. Pugsley, Secretary, Department of Railways and Canals, Ottawa, Ont., to L. S. Christie, Beauharnois Light, Heat and Power Company.
34. Copy of letter, dated October 25, 1927, from Mr. D. W. McLachlan to L. C. Sabin, Vice-President, Lake Carriers' Association, Cleveland, Ohio, together with copy of Mr. Sabin's reply.
35. File No. 16299, Department of Railways and Canals, Ottawa, Ont., *re* application for conveyance of part of Hungry Bay Dyke.
36. Memorandum prepared by Mr. Cameron showing applications, 1910, to date, for diversion of water in Soulanges section.
37. Memorandum by Mr. McLachlan, respecting proposed works of the Beauharnois Company.
38. Memorandum, dated June 21, 1912, from Mr. Johnston to Mr. Challies, *re* proposed development of Beauharnois Light, Heat and Power Company.
39. Application, January 17, 1928, to His Excellency the Governor General by Beauharnois Light, Heat and Power Company for an agreement, together with memorandum, December 17, 1927, from Deputy Minister of Public Works to Deputy Minister of Justice.
- 39a. Supplementary memo. by B.L.H. & P. Co., January 16, 1928, *re* ultimate possibilities of proposed Hydro-Electric Power Development between Lake St. Francis and Lake St. Louis.
- 39b. Annex to Dominion Order in Council P.C. 422, approving plans of B.L.H. & P. Co. under Navigable Waters Protection Act, Hungry Bay and Melochville.
40. Approval, translated, of Quebec Public Service Commission, September 17, 1929, B.L.H. & P. Co. for construction and operation.
41. Certified copy of emphyteutic lease from Province of Quebec to B.L.H. & P. Co., June 23, 1928.
- 41a. Certified copy of emphyteutic lease, June 23, 1928 (40,000 c.f.s.), B.L.H. & P. Co.
42. Translation of report of meeting of Executive Counsel of Quebec, April 25, 1928, respecting B.L.H. & P. Co.
43. Memorandum of agreement, June 25, 1929, B.L.H. & P. Co. and the Minister of Public Works.
44. Province of Quebec lease, copy, May 7, 1897, to Montreal Cotton Co.
45. B.L.H. & P. Co. compilation of plans, works and descriptions, and plans of site approved by Order in Council P.C. 422.
46. B.L.H. & P. Co. study of remedial and control works.
47. B.L.H. & P. Co. study of remedial and control works (supplement).
48. B.L.H. & P. Co. description of a portion of Hungry Bay Dyke, July, 1928.
49. Stenographic report of public hearing by Cabinet sub-committee upon B.L.H. & P. Co. application, January 15, 1929.
50. Report upon application of B.L.H. & P. Co. by inter-departmental committee of engineers, January, 1929.
51. Pamphlet "Down the Canal" by Beauharnois Power Corporation.
52. Pamphlet "Physical Facts and Figures on Beauharnois," Beauharnois Power Corporation.
53. Minute Book No. 1, B.L.H. & P. Co., covering meetings April 22, 1902, to November 6, 1929.

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54. Minute Book No. 2, B.L.H. & P. Co., covering meetings December 14, 1929, to March 25, 1931.
55. Memorandum of agreement, dated October 31, 1929, between Beauharnois Power Syndicate, Beauharnois Power Corporation Limited, and Marquette Investment Corporation.
56. Indenture, December 17, 1929, between Beauharnois Power Syndicate, Beauharnois Power Corporation Limited, and Marquette Investment Corporation.
57. Minutes of meetings of Board of Syndicate Managers, Beauharnois Syndicate, March 2, 1928, to April 10, 1928.
58. Minutes of meetings of Board of Syndicate Managers, Beauharnois Power Syndicate, April 4, 1928, to December 4, 1929.
59. Memorandum of Syndicate agreement, May 12, 1927, between R. O. Sweezey and Marquette Investment Corporation.
- 60a. Part 1. Copy of memorandum of agreement, February 3, 1927, between (1) W. H. Robert, J. A. Robert, Sarah M. Robert, (2) R. O. Sweezey, and (3) National Trust Company, Ltd.
- 60b. Part 2. Copy of agreement, February 3, 1927, between (1) W. H. Robert, E. A. Robert, J. A. Robert, Miss S. M. Robert, and (2) R. O. Sweezey.
61. Department of Railways and Canals, Ottawa. File 15261 (Canal Branch) respecting Sterling Industrial Corporation, Limited.
62. Department of Public Works, Ottawa. File 10898-1 (including blueprint) respecting Sterling Industrial Corporation, Limited.
63. Department of Secretary of State, Ottawa. Certified copy of Letters Patent, July 15, 1924, incorporating Sterling Industrial Corporation, Limited.
64. Beauharnois Power Corporation, Ltd. Book A and Book B, containing By-laws and Minutes of Board of Directors, September 30, 1929, to April 22, 1931.
65. Beauharnois Power Corporation, Ltd. Minutes of Management Preferred Shareholders, December 20, 1929, to March 11, 1931.
66. Marquette Construction Corporation. Corporate Records, By-laws and Minutes, November 4, 1929, November 3, 1930.
67. Beauharnois Construction Company. Minutes of Directors, Minutes of Shareholders, July 10, 1929, to March 25, 1931.
68. Beauharnois Land Company. Minutes of Directors, Minutes of Shareholders, November 20, 1929, to March 25, 1931.
69. Beauharnois Transmission Company. Minutes of Directors, Minutes of Shareholders, November 20, 1929, to March 25, 1931.
70. Copy of memorandum of agreement, November 6, 1929, between B.L.H. & P. Co. and Beauharnois Construction Company.
71. Beauharnois Power Corporation, Limited. Prospectus *re* issue of \$30,000,000 30 year 6 per cent bonds. Newman, Sweezey & Co., Ltd., Montreal.
72. Beauharnois Power Syndicate. Balance Sheet, December 17, 1929.
73. Copy of Trust Deed of Hypothec, Mortgage and Pledge *re* \$30,000,000 30 year 6 per cent bonds. Beauharnois Power Corporation, Limited, to The Royal Trust Company.
74. Beauharnois Power Syndicate. Statement showing distribution of common shares and of cash to holders of part interests.
75. Sterling Industrial Corporation. Memo. of agreement, December 18, 1928, between Beauharnois Power Syndicate, John P. Ebbs, and Lyla Brennan.
76. Certified copy of Order in Council (P.C. 192), February 4, 1929, appointing Mr. Robert A. C. Henry as Deputy Minister of Railways and Canals.
77. Booklet. St. Lawrence Waterway Project. Report of National Advisory Committee, 1928.
78. B.L.H. & P. Co. Plans of new headgates and intake for the relocated St. Louis River Feeder (or Canal), October 1, 1930. Document 61.
79. B.L.H. & P. Co. Estimates of operating expenses at end of first year following complete development and sale of 500,000 commercial horse-power.
80. Beauharnois Canal. Cross-section for various capacities, based on 2½ f.p.s. flow.
81. Beauharnois Power Corporation Limited and R. A. C. Henry. Memorandum of agreement, March 10, 1930.
82. B.L.H. & P. Co. Plans and specifications of the works, pursuant to section 7, Water-Course Act, May 9, 1929, Document 18.
83. Copy of *The Engineering Journal*, March, 1924.
84. Analytical statement by Robert Dodd and Company of Montreal respecting Beauharnois Power Corporation.
85. Cheque, October 17, 1929, for \$50,000 issued by Marquette Investment Corporation in favour of Messrs. McGiverin, Haydon and Ebbs, Ottawa, Ont.

Exhibit
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86. Beauharnois Power Corporation, Limited. Cheque, June 12, 1930, for \$7,500 in favour of Messrs. McGiverin, Haydon and Ebbs, Ottawa.
87. B.L.H. & P. Co. Cheque, September 30, 1930, for \$7,500 in favour of Messrs. McGiverin, Haydon and Ebbs, Ottawa, Ont.
88. Account, October 17, 1929, submitted by Messrs. McGiverin, Haydon and Ebbs, Ottawa, Ont., to Mr. H. B. Griffith, B.L.H. & P. Co., for \$1,857.24, together with cheque, December 16, 1929, from Marquette Investment Corporation in favour of Messrs. McGiverin, Haydon and Ebbs, Ottawa, Ont., for that amount.
89. John P. Ebbs, declaration of trust certificate, No. 217, for 1,600 part interests in Beauharnois Power Syndicate and additional 1,600 part interests in Beauharnois Power Syndicate.
90. Report by Mr. Albert S. Crane, Consulting Engineer, New York, October 8, 1930, to Mr. R. A. C. Henry respecting Earthen Embankments.
91. Memorandum, October 21, 1930, from Mr. T. H. Hogg, Consulting Engineer, Toronto, Ont., to Mr. R. A. C. Henry respecting Dykes along Canal of Beauharnois Power Company.
92. Minutes of Sterling Industrial Corporation.
93. Certified copy of Quebec Order in Council, April 27, 1928, authorizing emphyteutic lease.
94. Certified copy of agreement, October 18, 1929, between Dominion of Canada and Province of Quebec in pursuance of condition 24 of P.C. 422.
95. Certified copy of Quebec Order in Council, December 4 and 5, 1929, granting water rights to Montreal Cotton Company.
96. Certified copy of Letter, December 17, 1929, from B.L.H. & P. Co. (with Minister's acknowledgment of receipt endorsed thereon) to Minister of Lands and Forests, Quebec.
97. Certified copy of lease, May 7, 1897, Province of Quebec to Montreal Cotton Co. (See also Exhibit No. 44.)
98. Certified copy of Quebec Order in Council, April 25 and 27, 1928, authorizing lease to B.L.H. & P. Co.
99. Certified copy of Quebec Public Service Commission, September 17, 1929, approving plans. B.L.H. & P. Co. vs. Canadian Light and Power Co., Beauharnois Electric Co., Bell Telephone Co. of Canada.
100. Certified copy of Quebec Order in Council, October 10 and 11, 1929, approving plans under Water-Course Act.
101. Certified copy of Quebec Order in Council, September 18 and 19, 1929, authorizing new lease, B.L.H. & P. Co.
102. Certified copy of emphyteutic lease, October 18, 1929, between Minister of Lands and Forests, Quebec, and B.L.H. & P. Co.
103. Certified copy of report of meeting of Quebec Executive Council, April 27, 1928.
104. Certified copies of all documents relative to application of B.L.H. & P. Co. for diversion of 30,000 c.f.s. through Beauharnois Canal, granted by Province of Quebec in 1931, including application and documents or documents of grant.
105. Certified copy of affidavit leading to granting of probate of will of Mr. Clifford W. B. Sifton, with schedule of assets.
106. Letter, July 10, 1931, from Mr. Francis King, Dominion Marine Association, to Hon. W. A. Gordon, Chairman of the Committee.
107. Copy of telegraphed letter, July 15, 1931, from Mr. Victor Cloutier, Chief Clerk of Committees, H. of C., to Hon. Senator W. L. McDougald, inviting him to attend the Committee to give evidence on Thursday, July 16, 1931. Also confirmation of delivery by telegraph office.
108. Beauharnois Power Corporation, Limited. List of Class A Shareholders.
- 109a. Marquette Investment Corporation cheque dated June 4, 1930, for \$199,512.16 payable to Dominion Securities Corporation.
- 109b. Voucher for \$44,000 of Dominion of Canada 5½ per cent 1934 bonds and \$150,000 Dominion of Canada 5½ per cent 1933 bonds.
110. Bank of Montreal cheque, December 5, 1929, for \$847.78, payable to Cash. Signed by Hugh B. Griffith and endorsed "D. T. Main".
111. Five letters from banks in Toronto, dated in July, 1931, to Mr. John Aird, Jr., together with Memorandum *re* bonds. (Two yellow sheets.)
112. Photostatic copy of letter, December 5, 1929, from Montreal and signed by John Aird, Junior, *re* transfer of bonds.
113. Copy of Order in Council (P.C. 779), May 7, 1924, appointing a National Advisory Committee respecting Improvement of Navigation on St. Lawrence Waterway.
- 114a. Marquette Investment Corporation cheque, September 5, 1928, for \$5,857.04 in favour of Messrs. Geoffrion and Prud'homme.

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- 114b. Messrs. Geoffrion and Prud'homme's account, August, 1928, rendered to Beauharnois Power Syndicate.
- 115. Messrs. Thompson, Côté, Burgess and Code's account, July 24, 1928, for \$2,500 rendered to Beauharnois Light, Heat and Power Company, and Marquette Investment Corporation cheque, July 27, 1928, in payment therefor.
- 116. Three accounts rendered by W. B. Sifton, April 28, May 19, and May 19, 1928, together with Marquette Investment Corporation cheque, May 25, 1928, in favour of W. B. Sifton for \$1,128.98.
- 117. Marquette Investment Corporation cheque, November 8, 1929, for \$5,000 in favour of Dr. W. L. McDougald, for travelling expenses, January 1 to November 8, 1929.
- 118a. Hon. W. L. McDougald guest accounts, Nos. 15687 and 15724, Hotel Bermudiana, Hamilton, Bermuda.
- 118b. Hon. W. L. McDougald's account to Beauharnois Light, Heat and Power Co., Ltd., for \$3,352.32.
- 118c. Beauharnois Power Corporation Limited cheque, June 13, 1930, in favour of Hon. W. L. McDougald for \$3,352.32.
- 119. Hon. W. L. McDougald cheques, April 19, 1930, and April 25, 1930, to Hotel Bermudiana, for \$645.69 and \$56.42, respectively.
- 120. Plans of Nesbitt, Thompson Co. re Beauharnois Light, Heat and Power Company.
- 121. Blue print of plan of part of St. Lawrence River.
- 122. Map of Great Lakes and Atlantic Canal and Power Company, Limited. Great Lakes to Ocean Route.
- 123. Copy of letter, September 2, 1913, from Mr. R. O. Sweezey to Sir W. M. Aitken, London, England.
- 124. Letter, July 30, 1924, from Canadian British Corporation, Ltd., to Harry Clark, Esq., Montreal.
- 125. Copy of letter, May 25, 1928, from Mr. Aimé Geoffrion to Hon. Senator W. L. McDougald.
- 126. Beauharnois Power Corporation, Limited. Consolidated Balance Sheet, December 31, 1930.
- 127. Beauharnois Power Corporation, Limited, and Subsidiary Companies. Analysis of Properties, Rights and Interests Accounts, December 31, 1930.
- 128a. Beauharnois Power Corporation, Limited, and Subsidiary Companies. Consolidated Balance Sheet, May 31, 1931.
- 128b. Beauharnois Power Corporation, Limited. Balance Sheet, May 31, 1931.
- 128c. Subsidiary Companies Balance Sheets, May 31, 1931.
- 129. Beauharnois Power Corporation, Limited, and Subsidiaries. Consolidated Balance Sheet, December 31, 1930.

Exhibits 130 to 154, inclusive, were filed in evidence before the Special Committee of the Senate in 1932, and are as follows:—

Exhibit
No.

- 130. Volume of the evidence adduced before the Special Committee of the Commons (Appendix No. 5 to the Commons Journals 1931).
- 131. Statement of account from Messrs. Geoffrion and Prud'homme to Beauharnois Power Syndicate, dated March 21, 1929 (6 pp.).
- 132. Copy of letter, dated Montreal, 1st August, 1929, addressed to R. A. C. Henry, and signed W. L. McDougald.
- 133. Pass Book showing account in the Bank of Nova Scotia, Ottawa, Ontario, of Sterling Industrial Corporation Limited.
- 134. Cheque Book, the Bank of Nova Scotia, Ottawa, Ontario, showing cheques issued by Sterling Industrial Corporation, Limited.
- 135. Cheque Book, the Bank of Nova Scotia, Ottawa, Ontario, showing a cheque issued by Carillon Industrial Corporation, Limited.
- 136. Statement by the Honourable Senator W. L. McDougald, regarding the fourth Report of the Special Committee of the House of Commons on Beauharnois Power Project.
- 137. Proceedings of the Special Committee of the Senate of Canada, appointed to inquire into the Development and Improvement of the St. Lawrence River, 1928.

Exhibit

- No.
138. Report of Joint Board of Engineers respecting the St. Lawrence Waterway Project, dated November 16, 1926, and Appendices.
 139. Pamphlet on St. Lawrence Waterway Project, 1928, containing:—
 1. Correspondence between the Government of Canada and the United States, 1927-28.
 2. Report of the Canadian National Advisory Committee, January, 1928, and observations thereupon by certain of its members.
 3. Orders in Council referring to the Supreme Court of Canada certain questions as to water rights of the Dominion and the Provinces.
 140. Cheque No. 2014, dated Montreal, January 8, 1932, issued by Beauharnois Light, Heat and Power Company, payable to J. R. L. Starr, for \$7,500, with statement of account dated Toronto, July 31, 1931, and voucher No. 2014, in settlement of account.
 141. Cheque No. 2017, dated Montreal, January 12, 1932, issued by Beauharnois Light, Heat and Power Company, payable to Dr. W. L. McDougald for \$477.15, with statement of account No. 1981, dated January 12, 1932, and voucher No. 2017, in settlement of account, dated January 12, 1932.
 142. Statement from the branch of the Bank of Nova Scotia, at Brockville, Ontario, showing credits and debits of the current account of the late Mr. Winfield B. Sifton from June, 1926, to December, 1928.
 143. Copy of pages from Book of Accounts of Sterling Industrial Corporation.
 144. Copy of pages from Ledger of Messrs. McGiverin, Haydon and Ebbs relating to Beauharnois Power Corporation account.
 145. Telegram, dated London, March 18, addressed to Senator Tanner, Chairman Investigating Committee, Ottawa, signed "G. H. Ferguson".
 146. Telegram, dated Ottawa, March 18, 1932, addressed to Honourable Howard Ferguson, Canadian High Commissioner, London, signed "Tanner".
 147. Telegram, dated London, addressed to Senator Tanner, Chairman Investigating Committee, Ottawa, signed "G. H. Ferguson".
 148. Certified copy of an Order in Council approved by the Honourable the Lieutenant-Governor of Ontario, dated the 29th day of November, A.D. 1929.
 149. Three Vouchers—Marquette Investment Corporation:—
 1. Voucher, No. 188, dated April 12, 1928, pay to W. B. Sifton \$566.25.
 2. Voucher, No. 189, dated April 14, 1928, pay to W. B. Sifton \$114.45.
 3. Voucher, No. 218, dated May 14, 1928, pay to W. B. Sifton \$1,318.25.
 150. Letter from Mr. Maurice C. Collins, office manager, Beauharnois Power Corporation, Montreal, Quebec, stating date of the delivery of completely signed contract between the Hydro-Electric Power Commission of Ontario and the Beauharnois Light, Heat and Power Corporation.
 151. Statement of account of Carillon Industrial Corporation Limited.
 152. Office File of correspondence and other documents produced by Mr. John P. Ebbs relating to the incorporation of Beauharnois Power Corporation, Limited.
 153. Office File of correspondence and other documents produced by Mr. John P. Ebbs relating to Sterling Industrial Corporation, Limited.
 154. Office File of correspondence and other documents produced by Mr. John P. Ebbs relating to the incorporation of Carillon Industrial Corporation, Limited.

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 Canada. Beauharnois Power Project, Special
 Committee on (Senate)
 Fourth and final report and proceedings.

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